MODERN
SALESMANAGEMENT
J. GEORGE FREDERICK

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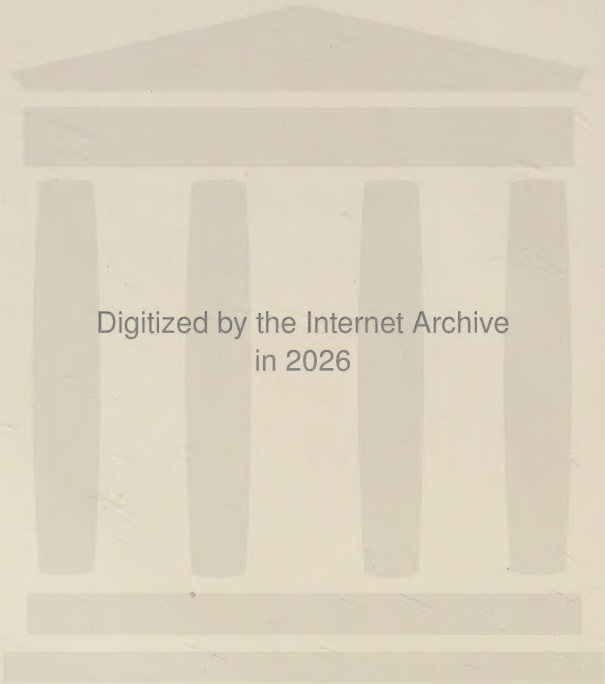
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MODERN SALESMANAGEMENT

A PRACTICAL HANDBOOK AND GUIDE

BY

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PREFACE

By Charles F. Abbott

My Dear Mr. Frederick:

I have read with great interest the proofs of your book on "Salesmanagement," and I wish to express to you my appreciation for your painstaking effort in preparing a book which, in my opinion, will prove of great value to business men in all fields of endeavor.

For the first time, there is now available in your book an organized body of knowledge on all phases of salesmanagement. No profession can properly develop without the help of such knowledge, and salesmanagement very greatly needs, especially at this time in American business history, the sound development of salesmanagement as a trained profession.

For many years, individual salesmanagers have hoarded their knowledge as their personal possession, with the result that owing to a lack of a coöperative exchange of ideas, business finds itself in great need of broadly trained salesmanagers. While there has been much writing on salesmanship, there has been very little on salesmanagement, though, in my opinion, there is a greater need for the latter, as selling ability can only be developed through a proper understanding of salesmanagement.

The next ten years will no doubt see tremendous competitive pressure, and remarkable sales opportunities for America, and if we are to maintain our prestige, we must have salesmanagers and sales executives who understand the full degree of knowledge and training essential for selling on the broad scale which is now in demand.

Through your broad experience in salesmanagers' organizations, and as a sales counsellor, you have had an excellent opportunity to develop a great deal of valuable information on your subject, which is reflected in your publication to a very high degree. Likewise, your able editorship of *Advertising and Selling* magazine, and your earlier work as Managing Editor of *Printers' Ink*, particularly fits you for presenting to the American business man an outline of salesmanagement that combines the best of practical experience.

I am confident that salesmanagers and business executives throughout this country, no matter what their experience has been, will read this book and greatly add to their information and knowledge of salesmanagement. Personally, I am indebted to you, because I feel that your book is one that will prove of value to me in my work.

The under-student of salesmanagement, or, in fact, any business man interested in selling, which is the great fundamental of business, will find in your book a saving of years of their time and study, and a means of great assistance in moulding successful business careers.

Yours very truly,

CHARLES F. ABBOTT.

At present Director of Sales, Celluloid Company of New York; founder and president, Salesmanagers' Club of New York; secretary, American Association of Sales Executives.

INTRODUCTION

When the Great War came to its sudden end, a hundred thousand factories in America and all over the world—factories with nearly doubled capacity since 1914—were swiftly shifted from production of war material to production of regular merchandise.

Sales organizations which virtually had been idle during the war were suddenly laden with the heavy responsibility of finding a market for huge additional manufacturing capacities. Capital, floor-space, equipment and labor had been expanded in various degrees from 20 per cent to 100 per cent. To shut down the extra capacity, or part with it, was deemed not only out of keeping with American spirit and patriotism, but would have been a serious step for many other reasons of prestige, finance and competition.

American selling genius is meeting the situation characteristically by more intensive study and preparation for the sharpest sales competition the world has ever known. The nations of the world are all organizing for commercial development to a degree not heretofore possible. The fabricating skill learned in war's hard school is producing a total additional world production of at least 40 per cent, and to absorb this, the world's consumption of merchandise will need to be increased through creative sales effort. The United States has practically doubled its production of manufactured articles—and the farmer has done likewise.

What does this mean to the salesmanager whose responsibility it is to develop and maintain this volume of business?

A peculiar compulsion and challenge lies upon modern salesmanagers—a challenge to grow in personal vision and ability to the new levels called for by the great stimulation of production brought about by the war's abnormal consumption. The new high levels of consumption must not slump: the new high standards of living and purchasing created by war wages must be maintained rather than lowered. Throughout the world the per capita consumption of purchase must be raised; backward areas must be equipped, millons of population must be taught new food, clothing and equipment wants; and fallow fields and resources must be cultivated.

In plain business terms, we must sell enormously more than we have ever sold before, not only to ourselves, but also to the other countries of the world. The country with the most constructive, trained salesmanagers will keep the most factory wheels whirling and achieve world commercial leadership, a prize which is now the only legitimate object of national ambition and competition.

The sales task before America can only be accomplished by an increase of technical knowledge concerning the difficult art and science of salesmanagement. This increase of knowledge must be of the broadest kind, and include a sound understanding of not only the more practical parts of salesmanagement, but also study of public temper, psychology and economics. The salesmanship and salesmanagement of pure bombast and sheer energy, so familiar in past years, will not suffice. Success at salesmanagement must depend upon some fundamental changes in the habits and thoughts of the American people, results which are obtained only by

the most subtle and painstaking and statesmanlike grasp of the subject of increased national consumption and of the deeper economic problems of selling. The problem not only has to do with the huge and varied territory of the United States and Canada, but in the future must include the world. There are seventy-nine countries into which normally it pays to seek export markets; and even the United States alone has almost as many separate units to study. In view of the grave situation in weaker countries, salesmanship will have to be mixed with humane international policy for a time—thus demanding from salesmanagers a broad world outlook and vision.

It appears to the author therefore, that the treatise on Salesmanagement here offered is one which fits in with a national, even an international, need. Until within recent years salesmanagement was conceived to be largely a matter of personal qualities—ability to inspire salesmen, energy, enthusiasm and a certain ingratiating good fellowship which mixed smoothly with the customer and the men under him. This period and type was obliged to go because of the rapidly increasing breadth of the country as a sales field, and its many complex characteristics, together with the increasing intricacies of distribution.

Once customer and salesman both could be met and understood and stimulated individually and personally by the salesmanager. Now there is mainly a long distance contact and a dealing with abstract factors, policies and methods which call for study and treatment on the mass principle.

As a matter of fact salesmanagement has always been to a large degree a dealing with the intangible, for selling success is primarily an intangible matter. Ex-

perience in contact with people gave the old-time salesmanager an ability to successfully master these intangible factors when personified in a customer whom he could personally see, talk to, "size up" and affect with his personality. But this type of salesmanager—as a rule a successful road salesman elevated to the job—too often finds it difficult and even distasteful to study customers in the mass; to average up human nature, to correctly analyze the complicated factors of distribution and public psychology. The rapid rise of advertising in selling councils is due to this frequent temperamental failure on the part of salesmanagers to be able to visualize abstractly—to understand the intangible elements of selling well enough to plan correctly to affect people at long range. Advertising genius has supplied this knowledge of public temper and need and become a very prominent part, therefore, of modern successful sales policy.

The problem of building and maintaining an organization large enough to cover the country, to say nothing of export selling, is still another kind of problem which salesmanagement demands, calling for still another set of faculties and aptitudes and special abilities. In the days of smaller radius of selling and smaller volume of sales, a salesmanager who was not much of an organizer, but who had personal selling ability and selling insight, could succeed. In a day, however, of long-range selling, on a broad scale, the need is absolute for a salesmanager who is not only an organizer of men, but who can also shape and carry out the wide-flung careful policies and apply the broad principles which the new and greater selling opportunity demands.

It will readily be seen, therefore, that the personal equipment of the salesmanager is all important—is no

longer a matter of unusual personal ability at selling, or of a little natural gift at leadership. It calls for a most unusual combination of qualities which are rather seldom present in one man, and when they are not present must be introduced in the form of able staff assistance or consulting counsel if the business is to reach its logical success.

In past years a great deal of mysterious hocus pocus has been made over salesmanship and salesmanagement. It has popularly been supposed to consist mainly of personal magic—certain inborn qualities and certain charms and powers of personality which constitute something of an individual secret—something that "a man either has or hasn't got." Naturally, therefore, a surprising lack of organized knowledge of salesmanagement has existed. Salesmanagers hoard their knowledge like doctors in the old days when medicine was merely the practice of "black art." This is evidenced by the fact that practically every other branch of business activity—credit managers, export managers, advertising managers, etc.—many of them the employees of the salesmanagers—have well-defined organizations, national and international, in scope, with many textbooks and common standards of activity. Yet salesmanagement has until recent years been entirely unorganized, and is now but barely beginning to be organized. Successful salesmanagement and selling methods have been held to be business secrets to a greater degree than any other activity of business. Firms have been willing to show visitors every nook and cranny of their factory, every form and system of their office, and details of practically every other branch of their business; but they have balked at disclosing the principles and methods by which they produce their sales success.

This has actually retarded the development of sales-management, and severely limited the number of able salesmanagers. There is now, and will be for some years to come, a dearth of really able salesmanagers, skilled in both the modern requirements of practical knowledge and of the deep-reaching matters which they will have to consider. If this book will assist in the development of more better trained salesmanagers, it will have reached the author's goal.

J. George Frederick

New York City

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MODERN SALESMANAGEMENT

CHAPTER I

THE SALESMANAGER HIMSELF AND HIS POINT OF VIEW

1. What He is Up Against.—Above all else, success in salesmanagement demands a trained point of view. Boldly analyzed, the difference between unsuccessful, mediocre and completely successful salesmanagement is, first of all, a matter of *point of view*. Things are possible or impossible according to how the salesmanager looks at them and acts about them.

It is quite natural that this should be so, because selling success must depend primarily on *states of mind*. Every other department of business deals mainly with things that can be seen and measured and touched. The point of view is not so important as the technical facts. Selling, on the other hand, deals almost exclusively, with ideas, images, imagination, and the semi-mysteries of the human equation. People buy what their feelings, ideas and desires suggest.

A salesman does not, primarily, sell merchandise to a customer—he sells rather the hope and expectation of profit or pleasure or something else. Therefore a salesmanager at the very outset of his job faces subtleties and puzzles of the hardest possible kind, with only exceedingly limited technical knowledge available. His attitude toward these problems—his conscientiousness in securing all such facts which are possible to get before making a judgment; his

open-minded zeal for probing to the bottom of true conditions; his courage, his persistence, his energy and resourcefulness—all these qualities count in a manner far more telling than in most other executive positions. It is for this reason, perhaps, that successful salesmanagers as a class are usually splendid "men of parts," for the work positively demands broad and varied powers.

Almost every kind of information about people and economic conditions bears some possible meaning to the salesmanager. He is, in fact, a student and a shaper of economic life, because if his job were stated in plain language, it would be that he is an educator of the public to an improved idea of some sort, which it is slow to adopt. (The public is, of course, practically always slow to adopt ideas, and always requires to be "sold" by a gradual process of education.)

A point of view may be, and often is, the only thing standing in the way of decisive sales success. This is illustrated by the great slowness with which adding machines were bought when they were sold merely as a mechanical device which would add and multiply. When the adding machine selling idea was hitched on to the idea of better business method and system (in which the adding machine naturally played an essential part) sales began immediately to spurt forward. The change had been simply one of the point of view of the salesmanager, who himself had merely successfully analyzed the point of view of the customer. The frontal attack with mechanical arguments of excellence had produced little results; therefore logic suggested an indirect attack with a general idea which would of necessity carry the adding machine with it.

2. Personal Qualities Essential in Salesmanagers.—In the light of the above statements regarding the importance of point of view, it is easy to see why in the past such great stress has been laid upon the personality of the salesman-

ager: Personality is so closely bound up with point of view. Naturally, however, some crude rules-of-thumb ideas have prevailed. For instance, it has come to be a tradition that first of all a salesmanager must be "an optimist"; otherwise he would too easily be discouraged. This tradition is a sample of the half-truth which circulates in the name of knowledge of salesmanagement. Optimism may be as great a drawback in successful salesmanagement as pessimism, although this fact is not generally recognized. Given the other qualities which make successful salesmanagers, a pessimist will outdistance an optimist, simply because, not having so great a faith in magic and in luck, he will work the harder and look facts more squarely in the face.

The same is true of some of the other qualities which tradition attributes to the successful salesmanager, such as "enthusiasm" and "confidence in himself." These qualities have their importance and worth, and have made profit for many businesses through their sheer, unintelligent force; for of course enthusiasm and confidence in one's self have a certain amount of propelling power. But it should be clearly understood that these "qualities" are really not consciously controllable qualities at all, but rather *emotions*. Like all other emotions, therefore, they are raw materials for the directing power of will and intelligence to use, but are very uncertain and inadequate when depended upon *alone*. It is because of this fact that salesmen and salesmanagers have the reputation of being highly temperamental, with many "ups and downs" and tender sensibilities. The blunt truth is that while success may be obtained *from salesmen* who have these emotions, if guided by a will and an intelligence, nevertheless no really important enterprise of selling can be made permanently successful by dependence *on a salesmanager* who has such qualities alone. Wherever may be found suc-

cessful salesmanagers possessing these qualities, without also dominating intelligence and will, there is sure to be found an executive higher up who supplies the deficiency. In fact it is a common situation (and an unsound one) to find a salesmanager who has only part of the right mental equipment for salesmanagement, while an executive higher up is the real brains and directing power.

The really able and successful salesmanager, who is self-propelling and self-sustaining, and who has all the elements which his work calls for, needs or must have the following qualities and abilities:

1. Cool, analytical intelligence.
2. Strong, dynamic will.
3. Trained merchandising instinct.
4. Organizing ability.
5. Capacity for understanding the consuming public and general human nature.

These are the vital and decisive characteristics. There are of course other qualities which are important, such as personality, special experience, etc.

What is desired here, however, is to emphasize the point of view which is so all-important in salesmanagement success. Salesmanagers who lack some of the less important qualities may still achieve striking success if they have the qualities and points of view above outlined; whereas unless they possess such qualities and points of view they are very likely to fail, or at least to fall short of possible success.

While it is quite true that few men acquire the above mentioned qualities late in life and are usually born with aptitude in these directions, nevertheless it is exceedingly incorrect to say that salesmen and salesmanagers are "born." Many who are born with aptitudes for the above qualities are nevertheless poor salesmanagers, because

training and coördination of ability are far more important than the mere aptitudes alone.

3. The Analytical Point of View.—Whenever any piece of work has difficult and intangible elements in it, analysis becomes the primary requirement of success. This is decidedly the case with salesmanagement, as it is now required in a country like ours where selling is completely national and even international, and where economic conditions, laws and competitive strategy invariably complicate any selling situation.

An unanalytical salesmanager whose chief asset is enthusiasm, optimism and confidence is quite able to make a good showing in purely local territory, or in a limited territory the salesmen in which he can frequently personally inspire. But he quite naturally finds himself beyond his depth when asked to cope with markets far away, conditions foreign and unknown to him, and with intricate organization and distribution questions, to say nothing of subtle public psychology factors which are too deep for his visual and personal type of mind. He cannot understand what he does not see concretely before him; he has not a mind that can generalize and synthesize.

The conditions of marketing to-day create a hundred and one general problems, calling for wise practical thinking. Where the old type salesmanager could decide on a basis of temporary *expedience,* the new type salesmanager must decide on a basis of enduring *principle.* In a modern selling and distributive organization too many forces of importance must be balanced to admit of the use of much expedience. Principle alone can harmonize and reconcile warring elements. Sometimes compromise is entirely inadvisable and impossible, and long and expensive battles for a principle must be waged—like the battle which a great breakfast food house fought for years against quantity price. It takes wise and patient analysis to reach

important conclusions on principle, or to adjust standard commercial principles and policies to particular situations. It takes also courage and vision and long-range planning.

It is a truism, therefore, that success in salesmanship is largely in ratio, first, to the faculty for successful analysis; second, to the power of shaping correct policies based on such analysis; and, third, to campaigning ability to carry out such policies.

Successful salesmanagers to-day, therefore, are either personally acquiring this ability of analysis, or if they possess little of it, are supplementing themselves with the best facilities and talent for analytical ability. Not only the broad scope of selling and the complications of distribution demand this analytical ability, but also the growth of the business. Size alone creates its own complications. A small business has a less *apparent* need for analytical ability (although in reality its need is even greater). But a big business just naturally brings to the salesmanager's desk each day questions which are not only Greek to any but an analytical mind, but are also questions upon the answers to which the company may hinge the expenditure of hundreds of thousands of dollars. Error of judgment may be fraught with tremendous expense. As a matter of fact, it is now recognized among the ablest business men as utterly wrong in principle that any man or men, sitting around a table and using merely their judgment (without the utmost data which may be obtained) should assume to decide questions of importance. The percentage of possible error is too great. No engineering profession would dare so to risk its reputation. Nor is it necessary. Modern investigation and analytical facilities make it possible to get vital data on any commercial subject which will bring business judgment far nearer to 100% accuracy. Personal "intuitive" conviction, pride of opinion and vanity of decision are not qual-

ities which make for highest business ability, especially in salesmanagement.

In a later chapter will be given specific details and modes of procedure in practical analysis; the author here simply wishes to focus attention upon the part analysis plays in the successful salesmanagement point of view. Salesmanagement is, after all, rather comparable to military planning; both depend supremely upon careful adjustment to fact. It is, of course, well known that no general can make a more deadly mistake than to move his troops and his guns upon the enemy on so puerile a basis as optimism or enthusiasm alone. He must execute every move from specific information, with a larger plan of strategy and analysis both behind it and before it. The greatest military strategists of the world war are men in whom analysis is the very first quality that shines out. The great objectives of salesmanagement cannot be won by qualities less thorough or campaigns less seriously planned and balanced than those of war.

4. The Dynamic Point of View.—Of almost equal importance to analytical ability in a salesmanager is the dynamic power to *act* upon the findings of analysis. It is a common human failure to be dilatory about making a decision when the facts are in hand; and also to act upon the decision when it is made. It is said of Napoleon that although his patience and energy in ferreting out facts was very great indeed, his genius was most apparent through his lightning-like rapidity in *carrying into effect a policy after it was decided.* He rushed his decision into action with the greatest possible haste, knowing that if action on a decision is delayed, the decision itself soon becomes obsolete.

Patience and indefatigable care in getting at the facts, but tigerlike vigor and swiftness in executing decisions are both vital elements of salesmanagement success.

Whereas most other departments of business call for dynamic force only in a rather routine and limited manner, salesmanagement, on the other hand, presents to the salesmanager an unlimited challenge to conquer indifferent or hostile markets; a challenge which means nothing but encounter, struggle and supreme resistance in a cold and unfriendly field. As in warfare, the offensive is ever the strongest policy, and should never be relinquished if possible. The salesmanager, of all business executives, needs to be "a fighter"—a will and a power for action. Many concerns suffer from a lack of a completely dynamic policy which may be due either to the salesmanager or the limitations placed on him from above. Some such firms are resting upon the achievements of a former executive head who lifted the business to a certain level; others have come to success upon the high tide of a rising industry (such as steel and machinery) and are doing well without putting forth much dynamic effort. Others still are in the dangerous state of having allowed a certain measure of successs to drug their ambitions and energies. A firm which has made money for its owners is apt to ask why it should take the risk and make the extensions of effort and capital necessary to reap the amount of success which lies ready at hand. Others of still another variety suffer from indecisiveness, lack of working capital, nepotism, incapacity or unwillingness to adjust to changed conditions, etc. The tonic medicine needed most in all such cases is sheer dynamic force put just behind a well-planned campaign, based upon intelligent analysis.

Business history is full of instances of the sales marvels that are achieved by a proper combination of salesmanagement qualities backed up by strong dynamic ability. It is a commonplace of American business now to hear of sales success against all odds and all predictions and precedents. An instance is that of a firm which manufactures

country-electric-lighting plants. Against all precedence and advice from those who were in the very best position to know, this firm, headed by a salesmanager who had both the analytical ability to see what needed to be done, and also the dynamic courage to carry it through to a finish, sold more electric-lighting plants in one year than the scores of other manufacturers in the field had sold in the past fourteen years.

It is valuable for purposes of study to dissect dynamic power—the "punch," "pep" and "ginger" of common business parlance.

Dynamic ability salesmanagement consists simply of a plentiful supply of intense purpose and well directed energy for obeying the decisions which the analytical mind has prepared. It is also very important to know that scatteration of energy and will is the deadly enemy of successful dynamic ability; and concentration of it is the keynote of its success. Every ounce of such dynamic energy which is not directed toward carrying out the coldly analyzed plan is waste-energy. Salesmanagers sometimes fume and sputter with energy in a way that simply scatters it into the air. They believe they are intensely dynamic; not realizing that the most dynamic men are usually the most calm and apparently cold men. A sales organization is an almost uncanny way takes its cue from the salesmanager. The result with a salesmanager who cannot economize and concentrate is a great appearance of motion, but very little result. Effective dynamic action in managing a sales organization demands a coolly dynamic salesmanager with his hand firmly but calmly on the throttle, dealing out the "steam" with a calculating and economical hand, with as little noise but as high effectiveness as possible.

Just plain courage and "nerve" are more of the primitive emotional qualities which in the past have been im-

portant in salesmanagement. To-day courage must be intelligent and nerve must be not a gamble but a cool calculation from facts. To "do and to dare" in selling has a boyish merit, but usually is boyish also in its limited results, unless masterfully calculated.

It is the mark of a high degree of dynamic power when a salesmanager refuses to be satisfied that a thing "cannot be done" until he has all the facts; then tested the facts, and then satisfied himself that he can't *change the facts.*

It is quite true that with the greatly increased complications and factors entering into the broader and bigger salesmanagement of to-day, it is a difficult task to assemble facts, make decisions, "sell" these decisions to the "men higher up"; keep up a nation-wide organization to concert pitch and use all the intricate arts and instruments of salesmanagement in a well coördinated, business-like campaign that hits the mark. Many able salesmanagers can succeed when they are "given a free hand" to "work in their own way"—simply because they cannot be dynamic except in an individual and personal way—which is always a limited way. Such salesmanagers need to learn not only to be dynamic themselves but how to induce dynamics in others and maintain them. In other words, how to organize dynamic power.

5. The Right Organization Point of View.—Sales organization is the house sales policy, and the salesmanager himself expressed in terms of so many additional hands and feet and eyes and ears. The exact degree to which these extra extensions of himself really represent his own idea of power and punch, and the house plan and policy, to that degree does a salesmanager have a good sales organization. The salesmanager who has not achieved the organization point of view is doomed to experience a limited and narrow scope career for himself and limited

sales for his house. A man has only two hands and two feet and one tongue. The possible individual achievements of one salesmanager, no matter how gifted, are as limited as the achievements of a one-man retail shop, *unless he can make an organization.*

This is the Rubicon which many salesmanagers are never able to cross. They may successfully manage a limited group of salesmen, but that is far from being successful in an organization sense, or achieving the true organization point of view. A considerable number of salesmanagers rule the salesman under them not by organization ability but by such other things as fear, imitation and personal example, love and good fellowship. None of these are to be relied upon as the right plan of salesmanagement, for the very simple and obvious reason that they are too *personal*—they are bound up in the personality of the salesmanager, and disappear or change when a salesmanager changes—a most unsound organization situation.

Now, the very first organization point of view vital to a truly modern salesmanager is to pare down his personal vanity, if necessary, to a point where he fully understands that he represents a *function* in his firm's business organization; that unless he functions as a part of that organization solely in that organization's permanent interest, he is disloyal to the organization. He is certainly disloyal unless he binds his salesmen's loyalty to the house rather than to himself. He must do this very definitely in small things as well as large, and have almost a military preciseness and punctiliousness about it in order to succeed.

But even a good organizer of a group of salesmen may fail to understand the great importance of sound organization: (1) as applied to his office and branch or district organization; (2) as applied to his distributors (dealers and jobbers); (3) as applied to the coördination

of all parts of his organization into a single hard-hitting effort.

Some salesmanagers develop, consciously or unconsciously, into one-sided organization men. They are good organizers of salesmen, or neat and systematic office executives but lack the other important elements, and rather resent the suggestion to improve in these directions. This is fatal and costly limitation. Organization is in itself a rather extensive technical study, and is absolutely essential to broad-gauge salesmanagement success. Particularly is this true of success in building and maintaining a distributive organization of dealers and jobbers, because they are not the paid hirelings of the firm who can be ordered to do things—their invaluable assistance must be *won,* by the right policies. Discrimination, vacillation, tactlessness, delay, stiffness, etc., in policies and methods break down an organization; while firmly maintained policies of equity in terms and dealings, and courteous serviceful relationships knit an organization together.

A successful broad-gauge salesmanager must have a very keen constructive sense of organization in order to shape wise and winning policies. Large business can only be built, as a rule, by securing the maximum voluntary cooperation of many thousands of retail and wholesale units. How to inspire them all to work vigorously in unison is the most important item in many a salesmanager's program. He can only succeed if he sees the matter from the human and broad-gauge point of view, deciding on principle, not on expedience, and keeping his mind open constantly to new aspects of the selling situation.

6. Trained Merchandising Instinct.—When the selling or "trading instinct" in a man is analyzed it is found to be simply close attentiveness to the possibilities for making a desirable exchange of values. It is like the reporter's "nose" for news—everything he sees or hears suggests

a posssible "story." So it is with the trading instinct—everything suggests a possibility of a trade to mutual advantage. Starting with the boy impulse to trade a jackknife for a bag of marbles, the sense of comparison of values, the weighing of relative human desires, one against the other, is the same even when the trade is a railway system for a quarter interest in a holding company.

In salesmanagement, the merchandising instinct expresses itself in the capacity to know what the consumer wants, what he can be induced to want; to know what the jobbers and dealers will think and do about a merchandising proposition. It thinks always in terms of actual sales possibilities, not theoretical sales possibilities. It visualizes the actual conditions of the field—on the counter, in the home. The absence of this merchandising instinct is the cause of the loss of countless thousands of dollars. Every day corporations are started for the sale of some invention or other product, which it is expected will reach a large annual sale. The inventors, the incorporators of a company, or the salesmanagers they hire, are usually over-optimistic as to the merchandising possibilities of the article. Then comes a gradual period of disillusionment which is not at all necessarily due to the lack of salesmanship on the part of the salesmanager or his men, but first of all due to a failure to sense the fact that the article is not merchandisable in the degree hoped for, in its present form, or perhaps in any form.

This merchandising sense (by which is meant merely the instinctive feeling, and not the fact-knowledge which can be secured to check up and prove or disprove this instinctive feeling) expresses itself also in an experienced salesmanager's sense of how to shape a selling policy, arrange the distribution and work out the best selling arguments for a product. He may be right or wrong in this sense (and usually is just as often wrong as right), but the in-

stinct guides him better than ignorance alone. A large part of this merchandising instinct consists of a practical conception of *the resistances* which are to be encountered in any selling proposition; that is, a feeling and a knowledge of the inertia on the part of either the public or the dealers or the jobbers; and therefore a practical appreciation of the educational effort which must be put to work to win.

All of this refers to the purely instinctive insight which gives a salesmanager the right sense of practical values in estimating any selling campaign; which decides whether a thing is practical or impractical to push through further; whether it is worth while to put great expense, effort, time and money along certain lines, or whether the sales efforts or plans or the product itself is going counter to the grain of human nature and of the merchandising situation.

A salesmanager may (and usually does) possess only a *limited* merchandising instinct because of limited merchandising experience; but he can train this limited instinct, not only with his own further experience, but also with the knowledge of the experience of others he secures, and the right attention to fact-study and sound deduction therefrom. Instinct is, after all, only unconscious logic which is actually made more valuable if it becomes conscious and bases itself on a reasoning process. So, even though lacking in merchandising experience and instinct, a salesmanager can at least carefully feel his way from fact to fact and not make any vital mistake. Some very able salesmanagers have no real merchandising instinct, but have the good sense to understand this lack and be especially careful in subjecting all their own judgments and plans to the most careful, logical reasoning. On the other hand, many of those who have real merchandising instinct are far too confident of its infallibility; far too

impatient with utilizing information, when it can be obtained, in place of mere instinct.

The temptation with men of well-developed merchandising instinct is strong to regard it as a great labor saver and personal mark of genius instead of the proper point of view of it as a good tool to use *when nothing better is at hand.* The general tendency of business, as in every other human activity, is away from the instinctive toward the reasoned out process.

CHAPTER II

SHAPING THE PRODUCT FOR THE MARKET

7. The Correct Relation of the Article to the Sales Plan.—The most modern view of selling requires that, as a principle of successful marketing, the article should be the result of sales planning, and not sales planning the result of the article. Old-time practice and principle took the article for granted, as the correct starting point for selling. But as C. F. Post, of Postum fame, was fond of saying, "anybody can hire people to make things—the real question is always, what can be *sold,* not what can be *made.*"

This point of view is intensely important, as it affects the success of an enterprise from the very start. It is a first consideration for any salesmanager, because after all is said and done the article itself and the degree of its adaptability to its market (as well as the degree to which it has a logical market at all) predetermines the amount of sales success that may be achieved. The selling of fur coats in the tropics or radiators in Gehenna or electric fans in the Arctic zone are obvious absurdities. But a great many other absurdities of selling are in existence just because they are not so obvious. A group of optimistic investors in New England erected a good-sized plant to make a certain ingenious office device and spent $150,000. Then it came out that six months' operation of the plant would produce all of the machines which the market could absorb for ten years, for the simple reason that only offices with over 100 employees and doing certain types of work could afford to own such a machine!

Another large concern put out a machine and six months later had to recall every one of them because they were unadapted to average use. It is a pitiful waste of sales genius to sell an article inadequately adjusted to the market, and for this reason the counsel of the selling department is becoming more and more dominant, not only in the making of the article itself, but in its shape, features and general aspects, and even in its wrappings. In fact, a number of remarkable successes in selling are due solely to a reasoning process that an article built to fit certain consuming conditions would succeed. The inventors and factory men in such cases are mere workmen building something to order; in fact, some prominent examples, such as a well-known rubber heel and a safety razor, were operated merely as selling corporations—purchasing the article from factories on contract.

The goods to be offered for sale should be goods with every selling advantage which study and experimentation with the market can afford. Otherwise salesmanagement starts with a handicap.

8. Experimentation and Market Test.—If an article is new there should be no sales plan at all until the product has gone through periods of test and tryout. Just as a theatrical performance is first tried out in the small cities, so a new article needs tryout. It should be tested under all conceivable tests of typical use, by all classes of consumers with care and thoroughness, to insure reliable results. (See later chapter on investigation methods.) Expert observation by production experts of the results of such tests and investigations will then need to be coördinated with wise sales judgment from the basis of human nature, distribution and competitive conditions.

From such effort will evolve an article which really has sales possibilities and which may be sold in the largest quantity at the lowest cost, and with the most rapid turn-

over. The mechanical engineers in Henry Ford's employ at one time advised him to build and sell a six-cylinder car. He did, forcing himself against his better judgment to take the word of mere mechanicians. Finally he discarded it, making a car which fitted sales conditions; he built a car at a price and with a performance which would interest the greatest number of people who had the price to pay for it. His own tests and experiments had shown him that he must strike a shrewd balance between mechanical excellence and price and quantity production. From every point of view his judgment has been vindicated—from the points of view of reputation, profit, service to public, quantity and rapidity of sales development. He was daring in this respect even to the point of uniqueness.

There is a very frequent clash between the inventors or production executives and the sales executives concerning the product, and it is very important that the right principles be followed. Inventors and production executives frequently have an overfondness for mechanical cleverness or completeness, or insist upon placing conditions of production first. On the other hand, salesmen have a tendency, because of the knocks and suggestions they must listen to, of desiring frequent changes. Their imagination makes them see a different product easier to sell.

The true answer to conflict of this kind is expert impartial analysis, the results of which are carefully conferred over in the presence of both production and sales executives. The true average of consuming conditions, not the special ideas or leanings of either sales or production executives, should rule the product. The article needs to be a balance between what the public will buy in quantity and the best that can be produced at the price which market conditions demand. It will be seen from this that the outside point of view is two-thirds of the matter. All

business, in fact, is more and more being built, not from within outward, but from the outside inward.

9. The Importance of Individuality in Merchandise.—"People do not pay for the merchandise, but for the *individuality* of the merchandise," says a prominent retailer; that is, for those points by which it distinguishes itself in the minds of the customers from competitive merchandise.

When a purchase is about to be made, there are, as a rule, a number of articles competing for the attention (and the money) of the buyer. Among these is one that has one or more points that stand out so strongly in the mind of the buyer that he selects the article thus distinguished. These points may be:

Price	Prompt Availability
Utility	Familiarity through previous use
Convenience	Recommendation
Appearance	Advertising
Service	Reputation of the maker or seller, etc.
Reliability	

Many manufacturers do not take these factors into adequate consideration. They make goods a certain way, because "they have always been made that way."

10. How to Develop Individuality.—The consensus of opinion among those who have given this problem careful study and have built their sales successes on it, has developed these basic principles:

a. The merchandise must have at least one vital point in which it excels competitive merchandise.—These points can be found by comparing the merchandise proposed with similar goods on the market, or by ascertaining some "unfilled want" in a given market. For example, the success of Uneeda Biscuits is built principally upon their crispness when they reach the consumer.

Ingersoll watches made price their vital competitive ar-

gument. It is actually wise to reshape merchandise which has no vital argumentative individuality, so that it does have an individuality. Often there is excellent sales individuality in the process of manufacture or quality which has been overlooked.

b. The merchandise should have uses or points which meet a popular tendency or general needs in a given field. —For example, makers of automobiles with particularly effective brakes can thereby cash in with their sales efforts on "safety first" movement. Another case in point is the policy of makers of food products to exclude benzoate of soda which was condemned by government chemists. Subsequently government officials retracted this condemnation, but the food makers who excluded the preservative nevertheless scored a hit because they gave evidence by their policy that they would take no chances with the wholesomeness of their goods. The public naturally presumed these manufacturers would be equally conscientious and careful in everything pertaining to their merchandise.

c. The merchandise should be attractive in appearance. —The human instinct for neatness, beauty, attractiveness of some sort (which varies with different classes of purchasers) is so deep that it has been found advisable to cater to it, even where appearance has no bearing on merit. For instance, makers of tools give them "a highly nickel-plated finish"—of no consequence except to attract the eye. In the field of cosmetics it often happens that the actual usable merchandise costs less than the package in which it is put up. The principle of attractiveness is sensed even by the fruit vendor at the corner who polishes his apples.

The same principle is responsible for the use of "coloring matter" in food products. Color, in fact, plays a very important part in the salability of nearly all merchandise.

The entire paint and varnish industry exists principally because of the desire of the public for appearances.

Goods of small dimensions especially need the assistance of attractive packaging. It has been found that retailers select the neatest looking packages to display in the choice places where patrons will see the goods (in the show window, the front counters, the most prominent shelves, etc.).

Appearance counts even in the purchase of raw materials. Sellers endeavor to have their samples show up in the best possible form.

The reason appearance is discussed here prior to merit is because that is the rotation in actual business life. Appearance makes the first appeal to the buyer, and if adverse, no sale is made—the goods do not get a chance to prove their merit.

If the goods are one of a family of products made or sold by the same firm, they should be packaged or outwardly shaped or colored to give a unity of identity that will connect them in the buyer's mind with other goods of the same "business family."

For instance, the scores of products made by Armour & Co. generally have a label in which the same color (yellow) plays a prominent part. All the package products of Babbitt & Co. (soap makers) have the same color markings.

11. Making an Article "Fool Proof" and Convenient.—Many articles do what inventors claim but cannot operate in a practical way when used by the average user. In a line where there are various competitive devices it is important to agree on standards. Nearly all typewriters now employ the same keyboard. Those that had different keyboards years ago had difficulties in finding a steady market. Automobile makers got together long ago and agreed on screw, wheel and other standards. One of the

strongest arguments in favor of any contrivance is the claim that it has fewer parts than a competing article.

a. Goods should also be convenient to handle.—This is another reason for packaging small articles. The convenience works in two directions—it simplifies the work and cost of handling the goods on the part of the store-keeper; it means greater convenience on the part of the purchaser. The man who first put a wooden handle on laundry wax made a fortune. Raisins have always been sticky and unsanitary to handle—a carton for raisins has met with instant success. Convenience, cleanliness, appropriateness and handy size and form are very vital sales factors.

b. Repair parts should be easily accessible, and service available at a reasonable cost.—The less trouble the buyer has to keep the article purchased in good working condition, the more favorably will he be inclined toward it. One of the prominent automobile companies advertises, "You are never more than a town away from a service station of ours." Sometimes the buyer gladly pays a higher price for a machine or other article simply because he knows he can get repair parts more readily.

c. If possible, make the article according to the ideas of a recognized authority in its field.—This is particularly the case in lines where buyers are accustomed to guide themselves by the advice of authorities, as in foods, drugs, architectural goods, etc.

12. Meeting the Consumer's Need.—*Goods should never fail to be practically designed to suit the characteristics and needs of the class of buyers for which they are intended.*

Manufacturers constantly enter the export market, for example, and fail to familiarize themselves with the peculiarities of its consumers.

One reason why the Stetson Hat proved such a success is because this manufacturer made a hat of high quality

and of a particular shape that seemed to fit the needs of the Southern and Western cattle breeders.

Goods made for people of more primitive taste must be more "flashy" in appearance than goods intended for people of culture. Human nature and psychology principles play an important part in the appearance of merchandise and therefore must be carefully analyzed.

a. The goods should be planned and packaged to permit convenient transportation to the market and the buyer. —This is particularly important for sales in sections where transportation facilities are limited, as in isolated parts of the South and West, and particularly in Asiatic and South American markets. Here American manufacturers have been beaten by their European competitors who make their goods so that they can be taken apart and transported easily on muleback.

European manufacturers also go to greater lengths in adapting the kind of package to the market for which it is intended. For instance, it has often been found that American export goods arrived at their destination in a condition very much inferior to European goods, because the latter were put up in damp-proof packages for the ocean voyage.

b. *Goods should be put up in units and with marks familiar to the purchasers.*

For instance, goods sent abroad should be measured according to the metric system, or the sizes should be designated according to the system in vogue in the country for which the merchandise is destined. Gauges sold abroad should show the pressure in kilos or kilograms instead of American pounds.

Sometimes the article cannot be made different from competitive goods except by adding some minor points, generally called "mere talking points." They impress some people; but as a rule do not deserve the emphasis

put upon them. For instance, each make of self-playing piano speaks about some patented tone-accentuating device, generally featured under a coined name.

In order to create talking points automobile makers started the fashion of bringing out new models every year. But the public is refusing to respond as liberally as it did at first when automobiles were the luxury of the rich.

The modern business man no longer leaves the planning of the sales qualities of his goods to chance, or to the limited sphere of personal opinion within his own immediate circle. Nation-wide investigations are carried on, ascertaining opinions of consumers, dealers, jobbers, investigators, laboratory experts, finding all objections and correcting them *before* the product is marketed on a large scale. It is customary with some manufacturers to make up a trial quantity of goods and place them with a small number of consumers—aware of the circumstances—for several years, before entering the market on a large scale.

CHAPTER III

THE SALESMANAGER'S RELATION TO THE FACTORY

13. Need of Synchronizing Making and Selling.—Evidently an unusual amount of friction occurs in many business houses between the selling and the manufacturing departments.

This is natural because the two activities are opposite ends of the pole in character and kind. Temperaments diametrically opposed are as a rule represented by factory and sales executives; the factory being accustomed to deal with absolutely fixed quantities and qualities, while the selling department necessarily deals in more intangible matters.

Efficiency of administration of a manufacturing business depends not alone upon volume of sales, but upon volume coördinated and synchronized to factory production at margins and terms which leave balances on the right side of the ledger. This requires clear-cut organization and teamwork.

In fact, the situation is such that the entire manufacturing policy requires to be guided by sales vision, whether that sales vision reside entirely in the sales department or in the officers higher up.

Thus, it comes about that it is important always to establish the right relationship between production and sales executives.

14. Degree of Authority of Sales Department Over Product.—This being a greatly disputed point it seems best to

give an adequate answer here in addition to the general sales organization study given elsewhere.

The usual form of organization makes the general manager the superior of both sales and production departments. Lack, however, of conferences held regularly enough and in the right spirit and manner, usually entirely isolates both factory and salesmanagers from healthy contact. The dealing with production matters is too often regarded as a purely mechanical matter of mere perfunctory interest to the salesmanager. Surprising situations of mutual ignorance and negligence quite naturally result. Both greatly need the discipline of frank contact and conflict in conference with the general executives present.

As to the blunt question of whose will should prevail in a conflict, the answer is, of course, that the general manager must decide, by the extent to which he is willing to O. K. the salesmanager's suggestions—a question which depends largely on confidence in the salesmanager's judgment and caution.

Daily or weekly conferences, however short, have a gradual effect of moderating the ignorance and temperamental differences, and of making it posssible for each to reach logical compromises.

A general manager of a biscuit factory is confronted, let us say, with the salesmanager's desire to have a certain biscuit placed in a tin box instead of paper, sold at 20 cents instead of 15 cents and given a better-looking label. The factory man protests that the sale is too small in volume, paper and printing cost too high and the additional labor too expensive to warrant such a move. The salesmanager insists that a big sale can be developed if the move is made, and warns that unless it is made the sales will decline. After a discussion which comes to a deadlock, the general manager should give the salesmanager a limited experimental time to prove his contention, over-

riding to that extent the production manager. The point, in other words, is that, until the salesmanager's judgment is shown to be generally faulty and untrustworthy, his recommendations should have right of way, for at least experimental purposes. At the same time the salesmanager should be permitted to review the entire scope of production work frequently from the selling point of view. This would prevent such things as making enough stock of one kind to last twenty years, simply "to fill in time." The granting of some precedence of authority of the sales department over production rests on the principle that the factory must make only what the sales department can sell; whereas the factory dare not dictate to the sales force what it *must* sell. On the other hand, the sales department must operate with knowledge of costs and other factors involved and share the responsibility—even the financial cost—when things are asked in the name of sales policy which from a production and general management point of view are abnormal and disruptive.

15. Relation of Production Time to Sales Policy.—The chief logical demand from the factory to the sales department is that the sales department must sell as near the full capacity of the factory equipment and organization as possible. If this is not done costs rise disproportionately.

C. E. Knoeppel, a well-known production engineer, puts it graphically:

The average salesman says: We make water-bottles, or we make iron castings, or we make battle-ships, or whatever it is. I take issue here: I say that what a business makes is T-I-M-E. The product you put out to your customer is simply a composite of hours and minutes. It doesn't make any difference just what time it is; whether it is the time of the salesman, the machine or the opera-

tive. But the big thing to concentrate on is the margin of time.

I have seen cases where the factory was supposed to keep certain dates, but it did not get its orders until so long after that it was a practical impossibility for the factory to turn the order out on time. It was not altogether the fault of the factory; it was the fault of some of the departments that had things to do with the order before it reached the factory. It is simply a question of manufacturing time—a question of so many hours and minutes. There is another point to be considered and very few Sales Managers consider it, although they are coming to recognize it a little more as a fact, and that is, the size of the plant and the capacity of its equipment.

A factory is made up of certain variables. You have to consider the men, and in these days they are almost impossible to keep as an organized body. Then there is equipment, and new equipment is almost impossible to get; there is material on hand, and it is very hard to get material. These are all variables. And it is up to the factory management to get all these things and work them into sales conditions.

Here is a factory manager who has a machine in his department which has an overhead burden of one dollar an hour, in addition to the labor and the material that it uses. But for some unknown reason he finds that he can only keep that machine busy five hours a day. The cost of that machine, in a ten-hour day, becomes two dollars an hour. He protests more strenuously: "I have my men here; I have my power, heat and light; I have my repair gangs and my oilers; I am ready to operate that machine ten hours a day; why should I be taxed at the rate of $2 an hour when the normal rate is only one dollar an hour?"

16. The "Standard Burden Plan" of Equalizing Idle Factory Time.—"Within the last six months I investigated

three of the largest plants in the country," says Mr. Knoeppel. "The first we studied had an average idle equipment time of 40% and the time of 52%, the second had an idle equipment time of 40%, and the third, the oldest and best established concern in New England, had an idle time of 30%. And yet these plants were clamoring for more equipment, having an idle equipment time of 30%, 40% and 52%.

"A plant that is operating only at seventy per cent capacity and figuring its overhead on this basis will have higher costs than if it were running at ninety per cent capacity. The resulting higher prices will make it lose business so that by and by it will be running at only sixty per cent. As its business decreases its costs increase until a point is reached where it may be forced out of the market. We solved this difficulty by devising a plan of standard burden, what would be the normal burden or what its average competitor would charge, at say, ninety per cent capacity. Then we charge the burden acccount with actual burden and credit it with standard burden, crediting or debiting the difference monthly or every six months to profit and loss. In this way an order apparently taken at a loss, by adding the normal burden rate, would really show a profit, and as more orders were taken on this basis the actual burden would decrease in proportion to the increase in total volume of production.

"The important thing for the Sales Manager in this method of operating on a standard burden plan is that prices are fairly constant, regardless of fluctuations in volume. Figure the orders on hand in dollars and hours. In classes, by dollars and by hours. It may pay to fool the customer, but it does not pay to fool yourself."

17. Factory Capacity and Seasonal Variations.—The factory and general management has every justification in asking that the sales department fit its sales plans toward

two ends (1) to keep the plant going to capacity, and (2) to maintain as nearly as possible a level demand, free from as much seasonal variation as possible. It seems to be the case that most plants have decided seasonal variations; and often are closed entirely part of the year. Even when the factory is operated continuously the sales vary greatly from month to month due to trade custom, climatic conditions, etc. In England and in Germany these seasonal variations have been given more attention than in America, and careful policies have been developed to "fill up the valleys," by the manufacture and sale of other articles, or by more evenly distributing the manufacture.

This has been more easily possible in England and in Germany because there no such rapid style and other changes take place in demand. But the waste of great seasonal variation is so great as to call for the most serious planning. Practically all concerns show a sharp decline during 2 or 3 summer months. Part of the cause is simply custom and prejudice—beliefs that goods can be sold only at certain times. Such customs can often be changed with decided benefit and no great effort. The variations in many cases, of course, are quite natural and necessary, and in such cases must be accepted, and the low periods met either by a budgeted plan of production laid out from the sales quota set for an entire year (see budget form, page —) or by a supplementary line of manufacture to keep the plan and salesforce going. A certain maker of a novelty ice cream freezer has a unavoidable dull season; so he deliberately planned another product, a patent trouser creasing device. Both articles are sold through the same distributors, and salesmen have no difficulty in keeping busy all the year round. Every manufacturer with a pronounced seasonal variation should have his case reviewed by a sales analyst.

18. Multiplicity of Models versus Standardization.—War time conservation stimulated many reforms in standardizing merchandise which will probably be permanent. Paint manufacturers have reduced the number of standard colors from 100 to 24; tire manufacturers have reduced sizes from 287 to 9. Shoe salesmen in the past traveled with trunkloads of samples of different models because one dealer preferred shoes with fancy perforated tips and another did not. To-day this is largely eliminated.

The competition in price through economies in quantity manufacture has touched most industries, and even in the automobile industry the competition for a new model each year has subsided. The American people are not so naïve and do not crave novelty and mere variety in ornamentation as much as they once did. Greater understanding of cost accounting has also opened the eyes of manufacturers to the ruinous cost of multiplicity of models, designs and varieties. War necessity in 1918 pushed such knowledge so far that it was even the practice, as in England, to assign entire mills to the making of a single design or type of material, or even one part, whereas previously an entire range of articles or designs were made in one mill.

From a salesmanagement point of view it is, at first glance, very hard to have but one standard model or kind to sell, especially if competition is ready to cater to the customer's every differing whim. It seems to cramp sales possibilities. But in reality there is an actual gain, because of the high concentration in all respects.

The one really difficulty and important task in the case of a standardized article in the face of competition with variety is to "sell" salesmen thoroughly on the merits of this standardization, and to drill them to make full use of the arguments for it, and to have never-failing courage to meet properly the common desire for variety.

It is part of the general wisdom of salesmanagement to

emancipate a business as rapidly as possible from the slavery to variety, change and special demands of customers. The factory always welcomes it, but it is human nature for salesmen to wish to "play up" to customers by humoring them with some special stipulation or digression from standard. Salesmanagers themselves are sometimes inclined to change their minds too frequently as to changes, varieties and models and place a severe strain upon costs. The answer again in such disputes is calm, impartial investigation rather than mere opinion.

CHAPTER IV

BUILDING A GOOD SALES ORGANIZATION

19. Correct Conception of Sales Organizations.—Sales Organization needs absolutely to be up to the measure of the market in order to be efficient. It must be a tool which can *master* the market. Therefore it must be built like a technical article—it must be accurately engineered from definite designs that fit the need. Unfortunately many businesses have grown in a sort of haphazard and piecemeal way. Like the small house we start in the country, we add one lean-to, then another, and another, until we have a series of unrelated lean-tos, but not a compact, well-organized house.

The same thing often happens to the sales organization. Instead of at the start properly building the organization to fit the market, many firms merely build a series of lean-tos. This is nothing else but "shoestring salesmanagement."

What is demanded is a sales organization built to fit the full possibilities of sales rather than to fit the hit-and-miss accidents of sales; a sales organization that builds up the industry and anticipates the future development of that industry. Even if it is necessary to completely "scrap" existing sales organization, it is vital to get the right kind of organization. Sales organization is not a bit different from factory equipment in this respect—it frequently pays to make over the organization and bring it up to date.

In addition to vision of sales development, any correct

conception of sales organization must include clear-cut knowledge of organization *per se*. In other words, a sales organization needs not only sound plans and policies but an understanding of what good organization is—*any* kind of effective organization. There are a great many concerns with clear conception of policy, but which suffer from ineffectiveness of organization. Small enterprises do not suffer so greatly from this lack, but larger ones very frequently are limited by failure to grasp the special technique required in any matter which calls for coördinating the effort of many men and intermediate, indirectly controllable factors. Therefore, good sales organization depends perhaps first of all on observing the first principles of organization, and in observing the etiquette and the laws of organization. For this reason considerable space will be given to the correct practical principles of organization, even though these principles are applicable to any department or to the whole of a business.

20. Different Forms of Sales Organization.—It is absurd to prescribe any single type of ideal sales organization, because there are nine broadly different methods of selling, each calling for radically different organization:

1. Contract selling, or selling to a small group of large consumers.
2. Selling direct to a comparatively large number of consumers.
3. Selling direct, through branch offices, to a large number of consumers.
4. Selling in two or three or more ways simultaneously.
5. Selling to jobbers only.
6. Selling to jobbers mainly, but also direct to dealers.
7. Selling direct to retailers mainly, but also to some jobbers.
8. Selling direct to dealers only.
9. Selling by mail.

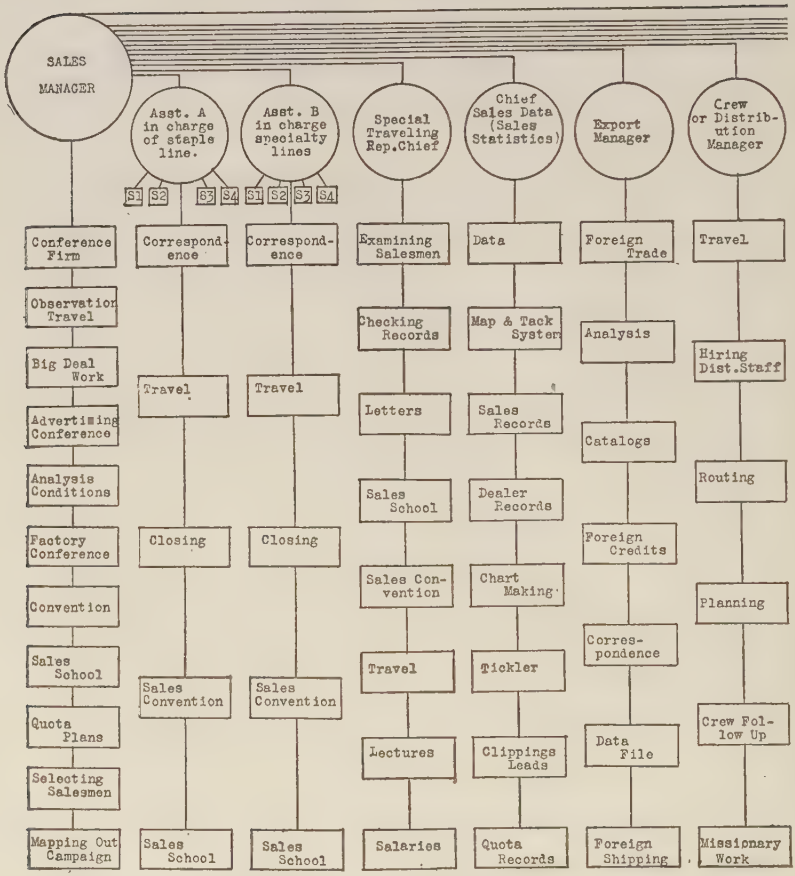
The aim, under any selling condition, is naturally to sell as cheaply as possible, yet keeping the sales growing satisfactorily. The strength of the resistance of the market largely decides the choice of the above modes of sales organization.

Different kinds of sales organization are demanded even under the same class as outlined above, if the age, ambitions and attitude toward the field differs. For instance, one concern may have a highly aggressive policy calling for a swift-operating, wide-extending and many-sided sales organization, producing an average yearly growth of 30%, whereas another concern in the same field—and possibly doing a larger volume of business—may be entirely content, because of older prestige, temperamental aversion to change or rapid growth, long enjoyment of good profits, etc., to have a small organization yielding 10% or less average yearly growth.

Therefore, not alone the form of selling, but the policy of sales development must shape the sales organization. If a concern is aggressive enough it may find it desirable to break through old methods—to "annihilate time"—and create an especially large and expensive sales organization that will produce the effect desired—quite logically charging the extra cost to the general capital account, since the work is an investment for future sales at less cost.

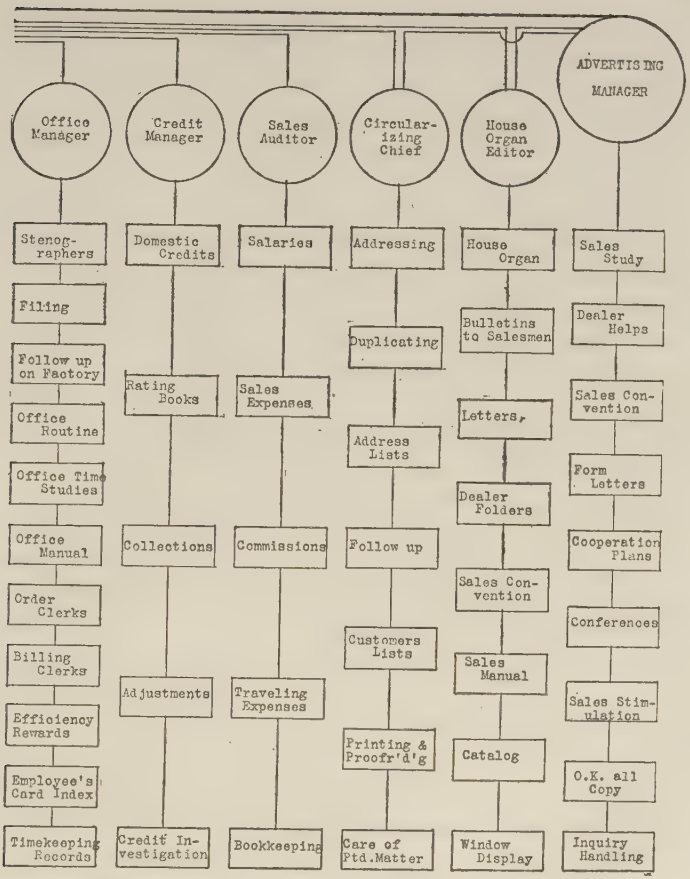
The typewriter and adding machine companies choose to operate a highly expensive direct selling branch organization, first, because of the high importance of service to users, and, second, because no other than directly controlled representatives could cultivate the field so intensively and aggressively.

On the other hand, as a contrast, a concern with enormous country-wide sales, like the Cream of Wheat Company, does not employ a single salesman, and has a very small selling organization, since it sells only through job-



STANDARD IDEAL SALES

bers and depends on consumer advertising almost entirely to maintain demand. Nevertheless, other concerns in the same position as Cream of Wheat, because of a different attitude, may employ a large number of salesmen, "missionaries" demonstrators, and special detail men. The question always is, how fitting or logical or profitable is



ORGANIZATION CHART

any given form of sales organization when matched carefully to the field situation and to the status, ability and capital of the selling concern? It is not logical:

1. To create a sales organization capable of producing more sales than can be adequately manufactured and financed.

2. To create a sales organization without complete leadership and adequate backing.

3. To operate a form of sales organization which will antagonize the trade uselessly.

4. To form a sales organization with a mere idea of "covering the field."

5. To start a sales organization too large in comparison with probable returns within a year; or too small in comparison with desired returns.

6. To expect a sales organization to perform miracles or to overcome grave inherent obstacles too soon.

21. Charting the Sales Organization.—There are logical and practicable reasons why a sales organization chart should be made for any sales organization—even a small one. In the first place, it puts in tangible form in front of all eyes the duties and relationships of individuals. It eliminates possible misunderstanding and overlapping. It gives each executive and each individual in the organization a clear idea of the sphere of his action and his relationship to other individuals.

The chart shown elsewhere of a standard sales organization clearly demonstrates the value of such a device. To the salesmanager himself, and perhaps to his assistant, all the details of duties assigned and authorities granted are clear without a chart. But it is for the reason that others besides the salesmanager and his assistant need to know the organization, that a chart is valuable. The least important individual in a sales organization works better when he can visualize his own place in the organization. He can then see his work's relation to other work; a very necessary thing to complete efficiency.

It is therefore very advisable that after an organization chart has been designed that copies of it be struck off and given to each worker to keep and study. Anything that can be done to foster and increase the *sense of organ-*

ization in the sales department is a great gain; for there is no stimulation greater than the stimulation of working in well-guided unison. A sales organization chart does what nothing else can do, not even talks by the salesmanager—it makes *a picture* of the organization, so that its existence becomes visual instead of abstract.

The method of making such an organization chart is to call in a competent sales organization specialist. Not an organizer of salesmen, but a technician in general sales department organization. Not a mere chart maker, but a competent sales analyst who can advise whether the existing form of organization is the best fitted to the situation. What is often needed is a competent survey of a sales organization, which will examine it just like an engineer will survey and report on a factory, or a public accountant will examine the books of a firm.

It is often highly instructive to chart roughly the organization as its stands, showing all the criss-crossing of lines of authority and function, as it depicts clearly the waste motion and confusion that may exist, and the need of immediate reform.

22. The Fixing of Authority and Responsibility.—What are the practical elements in successful organization? What are the basic points which demand attention and effort? The following are the definite practical principles for keeping an organization from degenerating into disorganization:

1. The duties as well as responsibilities and authority of each worker should be clearly defined; even in the case of the least important member of an organization.

2. Workers in charge of specific duties should never be given cause to have any doubt as to who is the superior held responsible for that particular work.

3. Work of a given character, even when undertaken

by different groups of workers, should be under the general supervision of one chief superior.

4. The work of one group should not in any degree be duplicated by any other group of workers.

5. The work done by each group of workers should function with that of other correlated groups.

The acknowledged principle behind the idea of organization is the division and fixation of resposibility. Intricate work, it is found, cannot be successfully carried on unless this principle is applied.

23. A Sales Organization Manual.—What is organization responsibility? It is the obligation assumed or delegated for the successful discharge of specific functions. Responsibility may be divided into three divisions: (1) Planning; (2) Direction; (3) Execution.

Each executive or employee is entitled clearly to know the full details of all his duties and those of his co-workers with whom he comes in official contact.

The best way to keep each employee informed of his or her duties, according to the practice of many prominent corporations, is by means of a sales organization manual. It records, in an authentic and carefully planned manner just what is expected of each worker. It should contain detailed instructions for every worker in the department, down to stenographers; accumulating the knowledge of each worker by having these workers themselves suggest revisions from time to time. The Manual should cover the subjects of (1) house policy, (2) systems, (3) standard practice details, in handling work, (4) house bulletins on routine matters. Changes and additions in the rules or tasks are conveyed by means of bulletins or notification slips given to each employee concerned, and then made a part of the manual, so as to be available for reference.

There should be demanded an acknowledgment, as an evidence in writing, that the worker has read the manual

and the current additions or notifications. Signatures on sheets provided in the manual itself, with date, is an approved plan.

Such a sales organization manual is very distinctly different from a salesman's manual. A sales organization manual is a purely organization matter, dealing with internal organization method, routine and instruction.

24. Overlapping of Duties and Authority.—This is an extremely common form of waste and expense. A mere title provides no clearly defined limits as to where responsibility begins or ends.

A clear-cut routine should be prescribed in the Sales Organization Manual, and respected in practice; that is, there should be no unwarranted assumption of authority or functions, not even toward inferiors. Failure to observe this rule destroys the all-important "sense of responsibility."

Experience shows that the most frequent clashes regarding responsibility and function occur through the minor duties which have not been clearly defined and about which doubt has arisen, or where changing conditions have developed complications.

To avoid this, it is essential that executives keep close watch on minor conditions and issue regulations to fit them.

There should be no change in the assignment of duties without due cause and proper notification. The principles of organization are violated if the responsibilities delegated to one person are assumed by another without proper authority.

If experience proves that the assignment of certain duties to certain employees does not work well, the necessary change, according to the practice of leading corporations, is announced in writing, not only to the parties directly involved, but also to all with whom they come in contact

in exercising the duties in question. The logic of this principle is self-evident. Failure to observe it is sure to create confusion and inefficiency.

25. Organization Etiquette.—There should be strict adherence to business etiquette, when conditions compel the assumption of another's responsibility. The zeal of an organization worker has a tendency to make him "overreach," in his activities. The "man below" wants to show at every opportunity his interest in the work, his ability and his fitness for promotion. This means a natural danger whereby he is apt to assume duties assigned to his subordinates or his superiors. This happens particularly when the worker "trespassed upon" is absent.

A similar situation arises on the part of "the man above" who—feeling his responsibility for the work of his subordinates—takes every opportunity to mix into their work, and occasionally take it over himself, either all or certain parts.

On the other hand, experience shows that a particularly frequent cause of trouble is the "sidestepping" of an organization worker of his own responsibility through unloading it upon some one else.

If matters come up that need attention while the proper party is not present, it is a rule in well-managed organizations that whoever looks after such matters temporarily, should do so in name of, and as though acting for, the man regularly in charge of the particular task, and should report and refer the matter to him at the earliest opportunity.

The following constitutes a simple but fairly complete code of organization etiquette:

a. Use courtesy to all, equals and inferiors as well as superiors. This means greetings, tone of voice in talking, consideration for the personal comfort of all who enter your office, whether visitors or employees.

b. Don't adversely criticize any one in the presence of others.

c. Don't use ungentlemanly language.

d. Respect the authority of others, and the personal dignity of subordinates.

e. Don't criticize destructively. Criticize constructively by suggesting how the error in question may be avoided in the future.

f. Don't encourage gossip about fellow workers.

g. Don't countenance animosities or intrigues.

h. Give every one credit for his good suggestions.

i. Be as liberal in praising good performance as you are in censuring bad performance.

j. If necessary to discharge or deprive workers of authority, do so on the basis of business expediency rather than personal failure.

k. Don't show partiality or favoritism or injustice in any direction.

l. Don't let personal feelings govern your actions against your better business judgment.

m. Promote on merit only, and give preference to your own employees over outsiders, other things being equal.

n. Don't belittle any one, not even the humblest worker in your organization.

26. Loyalty and "Esprit de Corps" for Both the Firm and the Department.—The feeling that makes workers proud, glad and enthusiastic about belonging to an organization, and willing to do their best for its success is of especially great importance in a sales organization. *Esprit de corps* is produced when the organization workers have the following ideas about their positions:

1. That it is a privilege, an education, and an advantage to work for that particular firm.

2. That the firm appreciates their work and loyalty.

3. That the firm is absolutely fair and can be depended on to deal justly with every one on MERIT only.

4. That the firm will reward merit without solicitation on the part of the employee.

5. That the firm will give extra rewards for extra merits.

6. That the firm will receive suggestions from any one in its employ, regardless of their position.

7. That the firm intends to do its best to further the general welfare of its employees.

8. That the firm, and all co-workers, observe the principles of business etiquette.

9. That the rules made by the firm and the sales department are based upon reasonable business requirements and principles.

27. Sales Conference Methods and Principles.—Perhaps no other department of business so definitely requires conferences as does a sales department—for the reason that the aspects of selling are constantly changing. Conditions in the field being of chief importance always, the sales plans must constantly be readjusted; new plans must be devised and new facts studied. The organization constantly needs tuning up; special effort and teamwork is constantly demanded for success.

Conferences between the sales executives within the sales department, sales conferences between the chief executives and the other principal executives or directors of a business, and conferences between salesmen or branch managers and the headquarters staff are proven to be valuable. Some firms have even successfully inaugurated dealer conferences, to which the distributors are invited.

Whatever the conferences held, it is vital that they be handled properly, for not only do they cost considerable money to hold, but if they are mishandled they are just as harmful as they might have been beneficial. Therefore,

it is well to study some practical rules for conference holding:

1. Meetings should be held regularly, on definite dates, at definite hours and with definite fixed time limits. Definite effort should be made to keep within these limits.

2. The meetings should be extended only when the importance and urgency of the matter for consideration make it necessary. Otherwise it should be deferred for the next meeting or some special meeting to be held if the matter is sufficiently urgent.

3. There should be maintained a definite schedule for discussion, with sufficient elasticity not to choke off important developments. Some topic, not of immediate urgency, should be held in reserve to fill in time not otherwise taken up.

4. The entire success of the committee and conference method lies in the skill of the presiding officer. The presiding officer should be intelligently and courteously firm, keeping the meeting to the schedule and *on the subject.* In every discussion there exists a temptation to take up time by tangent points of minor importance. Participants should be made to stick to the point.

5. Every participant should be made to exert himself and contribute actively to the meeting either in a leading way or in the discussions.

6. Every task developed by a meeting that requires future performance should be assigned to some participants so they can be definitely and personally held responsible for its execution.

7. It has been found well worth the cost to have informal notes taken of the proceedings, with copies furnished to the participants and to the executives (even if they have not participated). In the course of the year a volume of these minutes becomes a very helpful document on the conduct of the business. Also it makes a

permanent record of individual experiences which thus become the fixed property of the firm.

8. Conference members should be tactfully coached in public expression of ideas, and brief presentation of a thought.

CHAPTER V

PRICE-MAKING AND PRICE PROTECTION

28. Price, Quality and Individuality.—"Price makes the market" was a commercial axiom in former days, when price, as a rule, was the pivot around which sales turned. To-day this is still true to a large extent among *staples*. However, in the end, even among staples, it is recognized that it is seldom the price, but the *reason* for the price which determines the sale; that is, the gain which the buyer hopes to make by "parting with the price."

Price is determined by one or more of the following principles:

a. The surest and quickest way of becoming independent of a fluctuating market is to give the article an individuality that permits establishing an *individual* price. Even "Crystal Domino Sugar," sold in cartons, is retailed at a uniform price. It has no competition in the opinion of the housewife who has decided that she wants that particular brand.

b. The price must compare favorably, value considered, with the price of competitive goods. This does not mean that the price must always be as low or lower than that of the competitive goods. But if it is higher there must be good cause for the difference in price in the mind of the buyer.

People are not alone willing to pay a reasonable price for standard qualities in merchandise but higher prices for such additional factors as:

1. Reputation
2. Purity
3. Accessibility
4. Appearance
5. Recommendation by friends or authority
6. Security
7. Convenience
8. Social Prestige
9. Style

29. Price in Relation to Manufacturing and Field Conditions.—In setting the selling price of the goods, sufficient margin of profit must be left not only to cover (1) the cost of manufacturing, but developing and broadening a market; but also (2) pay ample returns on the investment in the business.

The policy of "charging what traffic will bear" is declining, for the reason that it invites antagonism or ill will on the part of the trade or the consumer. It also invites competition to enter the field. The latter is the case in the safety razor situation.

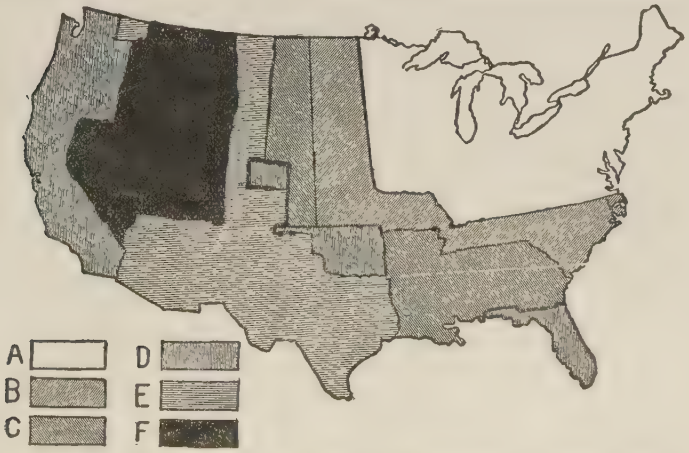
The modern price policy is to establish prices on a basis that will net a fair return on the investment in the business—and also provide amply for the overhead cost of doing business and unforeseen exigency.

a. When there is a probability of change in price later on, it is safer to start with a price that can subsequently be lowered. Such a policy has always a highly beneficial effect upon buyers. It is always more difficult to raise the price than to lower it, as the former is likely to result in the loss of part of the trade.

b. Keeping the price at a steady level increases the good will of distributors and the public. This is particularly true when the cost of raw materials or other items is advancing. The Corn Products Refining Company built

valuable public confidence by not advancing the price of Karo Corn Syrup when advance in raw materials temporarily wiped out all profit.

Experience fully demonstrates that the cost of marketing goods is generally underestimated. This condition is carefully watched by firms which have the proper conception of sales cost. Investigation discloses that sales cost



NATIONAL PRICE ZONE MAP, BASED ON FREIGHT DIFFERENTIALS

now runs from 2% on very common staples to as high as 65% on some specialties. (See chapter on selling cost.)

c. The price must permit the distributor to make a profit that is an inducement to him.

If the distributor is to be asked to do the larger share of introducing or pushing the goods, he will naturally expect a maximum margin of profit. If the manufacturer expends money and energy sufficient to create an almost automatic market for the goods, the dealer must be satisfied with a minimum profit.

The live distributor measures his profits, not only on the percentage of profit afforded, but also on the turn-

over''; that is, the number of times he can turn over his investment on the goods within a year.

This is the principal reason why dealers will handle well-advertised goods at a smaller margin of profit than goods not so well advertised. There is more gain in selling 100 dozen of a given article a year at a profit of 50c. a dozen than in handling a competitive article of which only 25 dozen a year could be sold at a profit of $1.00 a dozen.

d. The large area of this country makes it advisable for manufacturers of articles in which freight or express expense is an important factor, to establish ''price zones,'' that is, separate prices for separate territories. These territories are carefully worked out from freight and express rates.

In some cases ''traffic strategy'' overcomes the competitive handicap of higher freight rates. For example, the Panama Canal now permits Oregon lumber to compete in towns on the Hudson River with lumber from the South and Middle West. The latter comes by rail, the Oregon lumber all the way by water, being transshipped up the Hudson River from New York.

30. Price Equality.—''Quantity Prices'' should be uniform to the same class of buyers. Within the past few years a new policy has sprung up in regard to quantity prices. This has largely been the result of a strong public tendency against business monopoly, and in favor of business policies which stand for the greatest good to the greatest number of people.

In years past no one questioned the principle that the larger the order placed, the lower should be the selling price. This was based on the theory that the cost of selling and handling the goods was thus reduced. The Kellogg Toasted Corn Flakes Company was the pioneer in a different price policy which they called the ''Square Deal.''

They have declared that the factor which should determine the price differential is not the *quantity* purchased by a firm, but the character of the firm, as to whether they are jobbers or dealers.

As a result of this policy the Kellogg Company charges the large jobber the same price as the small jobber, and refuses to give large department stores or chain stores a price advantage over the smaller dealer.

Another modern tendency is to make preferential discount allowances for sales coöperation "value received." For example, a certain amount of window display undertaken by the customer, or the operation of special plans, or local advertising, or pushing the goods, or even a jobbing distribution service, as in the case of chain stores, is rated as worth certain scales of reduction in price, thereby increasing the dealer's profit.

Regardless of the price policy adopted, the consensus of opinion is unanimously in favor of making and maintaining the same scale of prices to the same class of buyers (within the same price zone).

The most convenient way to do this in lines consisting of a large variety of items has been found to be through the use of a gross price list. It features the goods at prices considerably higher than those for which the goods are actually sold. These "list prices" are subject to "trade discounts." This practice greatly simplifies the handling of catalogues and quotations. For example, a hardware jobbing firm, with a catalogue containing thousands of items, simply notifies a dealer that he is entitled to 40% discount. If prices go up, they notify him that thereafter prices are figured at 35% discount. The prices at which the jobbers buy from the manufacturer are, in such a case, 50% or 60% off list.

31. Just Price Discrimination.—The "price discrimination" most generally in use is that based upon quantities

purchased. This has been found most satisfactory by the majority of firms, when the schedule of discounts was so adjusted that it permitted selling to retailers direct when they ordered direct, at a price that protected the jobber automatically because of the smaller quantities ordered by the average retailer.

A large manufacturer of safety razors, an aggressive advertiser, has this schedule:

On orders for less than 3 dozen and 100 dozen blades, 25% and 2½ cash discount.

On orders for 3 dozen or more 25% less 10% less 2% cash discount.

Some firms make an additional price discrimination in the form of a rebate, based upon the quantity of goods bought by a customer within six months or a year. Other firms give preferential discounts to customers who carry their complete line. Still others, particularly those selling through exclusive local agents, maintain a flat rate on the presumption that if they have only one aggressive local customer he will secure all the business he can, if encouraged by bottom prices.

Another large and well-known firm has established a minimum gross sales total of $62.50 per order. Any customer who buys above that is entitled to a jobbing discount of 10%.

To summarize: prices and discounts are the platform upon which to build a good distributive organization, because upon these hinge the willingness of large numbers of dealers and jobbers to coöperate.

32. Fixing the "Re-Sale Price."—Manufacturers who wish to build up a wide distribution of their products and strengthen their good-will find it essential to establish a "fixed resale price" policy. If they do not succeed in having their goods sold at uniform prices to the public and in restraining the small group of retailers who injure

standard articles by cutting the price, their goods are eventually neglected by the 92% of retailers who, as investigation has shown, do not wish to cut standard prices.

Manufacturers who sell patented articles until recent years have had almost unlimited rights to fix prices, punish price-cutters as infringers and impose restrictions not only upon dealers but users. The spirit of recent laws has limited these privileges somewhat, but the ownership of a patent still grants the right to control the price of an article, although it is at present impossible to bring action against the cutters.

The Victor Talking Machine Co. changed its plan so that legally it did not even sell its machines to the public. It leases them both to the retailer and to the public, thus attempting to retain the right to fix prices and restrictions. A decision has been rendered in the case of R. H. Macy & Co., department store, against the Victor Co., upon this method of maintaining prices.

However, the position of a maker of an *unpatented* article is very different. The right to make a contract direct with a dealer not to sell below the standard price is a constitutional right that is not in danger. But only those manufacturers who sell goods direct to retailers can protect prices by contract, and only then where there is no monopoly. When goods are sold through jobbers or a second middleman, the question of price contract becomes very complex and no case has yet been decided in the Supreme Court in a way that has settled the matter finally.

In the meantime, those selling through jobbers must reply on (1) encouragement, (2) moral suasion, (3) refusal to sell.

The exact policy of a house with regard to re-sale price can only be fixed in consultation with both legal and merchandising counsel. The legislative situation has of recent

years changed so frequently that no definite status is yet attained, although the right to make a direct to retailer contract or to exercise the right of choice as to whom to sell, are fundamental rights. The June, 1919, decision of the Supreme Court in the Colgate case thoroughly establishes the right of a maker to refuse to sell any distributor he pleases.

33. General Profit and Price Policy.—There is no single price policy that has been found perfect in all cases. But the following principles or outlines of policy will be found to be important:

a. When the goods have become firmly entrenched in the minds of the public or the dealers, the manufacturer can be more independent in his price policies than he could otherwise. Thus 3 in 1 oil for many years before an automatic demand had been created, allowed a jobber's margin of 50% on the theory that it was payment for help in establishing demand. Quite naturally now that demand is well established such a margin would be excessive and was therefore reduced.

b. An arbitrary price schedule, with moderate margins, is almost impossible without the backing of a heavy advertising campaign, as has been shown by the past experience of prominent advertisers.

c. If the margin to jobbers and to retailers allows inadequate profits, it acts as a brake on the sales.

d. If the margin allows too large a profit, it encourages price cutting with its disastrous effects upon the reputation of the manufacturer and his goods.

To guard against this evil, for example, some firms limit by agreement the lowest "cut price" at which their goods should be offered. On goods retailing at 25c, they allow a cut to 18c, so that their customers when necessary, can compete with "cut rate" druggists or department stores.

e. The price schedule established by the manufacturer

should provide for re-sale price as between jobber and retailer, and a retail price at fixed standards for the same territories.

Any break in this schedule is apt to cause trouble in distributing organization.

f. In order to equalize freight charged, price should be made to include the freight to the jobbing center nearest the buyer; thus all jobbers are put on an equal price basis.

The margins of gross profit generally considered fair for the retailer is from 25% to 33%; and for the jobber from 10% to 25%. Naturally both classes find it to their advantage to show that they should have a larger profit, and an educative process is now going on to demonstrate that rapid turnover and salability bring more profit in a year than percentage of profit, and that both cannot logically be expected by distributors.

34. Special Margin Plans and Sliding Scales.—For example, in the drug field there has been considerable agitation for the "2, 4, 8" price policy. That is, druggists prefer to buy for $2 a dozen, goods retailing at $3 a dozen; for $4 a dozen goods retailing at $6, and for $8 a dozen goods retailing at $12. Manufacturers or jobbers who "fall in" with this policy have an easier time of it than those who do not.

35. The Psychology of the Retail Price.—There is a scientific and an unscientific way of pricing an article for retail selling. There is the raw "cut" price and the price that calls forth least resistance. Actual experiment has shown that more articles of the same sort can be sold at 11c than could be sold at 9c, because there is a stronger subconscious appeal about a price which appears to be a cut from 15c to 11c than one which appears to be only a cut of one cent from 10c.

It is true that this smacks of misrepresentation, but as

long as the public reacts in this manner it is a factor which must be considered.

Then there is also the problem of keeping the price in the channels to which the consumer is used. It is often wiser to raise the price of an article which you might be well able to sell for 65c to 70c, if similar articles are being sold at the higher price. It will arouse less resistance in the mind of the consumer who expects to pay the higher price for the article. At the same time, this may work the other way, and you may be forced to lower your price to meet the general market price of similar commodities.

Psychologically speaking, also, price actually determines quality. There is the story of two clubmen who wagered that solid gold sovereigns could not be sold for a penny a piece. One of the gentlemen settled himself on a bridge with a pocket full of perfectly good sovereigns and after spending about three hours there, offering them to all passers-by for the modest sum of one penny succeeded in selling just two. They were too cheap, and when anything is too cheap, people are naturally skeptical.

Prices do indeed determine quality at least in the mind of the consumer, which is, after all, the main thing. It is unfortunately true that unscrupulous psychological skill may succeed in fooling the people for a while. But it is suicidal to build business on such a basis. Sound and lasting considerations are the only wise policies to consider.

Another bit of psychology of price has to do with the matter of coins. The fewer number of coins required the less the resistance. Thus the reason for public preference for an article at 25 cents—a single coin—rather than 20 cents—requiring two coins. The matter of cents introduces another element, however, which is apparently contradictory. An article costing 29 cents (5 coins) is preferable to any article at 30 cents (2 coins) but only because the suggestion of a cut from the five cents unit of price.

Where pennies are a factor, the number of coins is a secondary consideration—the number of coins operates only in cases of coins not including pennies. The suggestion of cut in price from a standard unit in price is then not so pronounced.

Standard price units are great factors in merchandising, as the 5- and 10-cent stores well demonstrate. The number of sales made at various price levels gives the clue to the matter. There are at least 1,000 times more business transactions at 5 cents than at any other price; and probably 1,000 times more sales made at 10 cents than at any other price excepting 5 cents. Almost any sacrifice short of unbearable losses have been suffered by concerns during the war period rather than get away from well established price units.

36. Merchandising a Price.—It is often a necessary part of the sales effort to "sell" the price of an article—sometimes because it is so low—more often because it is higher than common expectation or custom. H. J. Heinz is reported to have told a salesman who complained because his trade wanted a 10-cent can of tomatoes rather than the Heinz 12-cent can, that his reply should be that a 12-cent price with all it meant in extra quality was the very uttermost argument the salesman had; that a 10-cent price and 10-cent quality would be the salesman's doom—he would no longer have anything to sell that had the dignity of quality—or the distinction of higher price which proved it.

Both jobber, dealer and consumer must be sold the price; and a salesmanager needs to analyze most carefully the resistance, if any, which his price encounters, and then aggressively "merchandise" it. That is, make out the right case for it—argue it and demonstrate its logic and its meaning. Quite often this higher price line of argument is the very strongest possible sales argument.

Association of ideas is the most graphic method of indirectly merchandising a price. A well-known salesmanager used it for instance in selling chewing gum, not because the price required especial attention, but because any price should be merchandised graphically. People generally buy gum because they see it. It was therefore profitable to put it where they could see it, and at the same time connect it up with the 5 cents that will buy it. He displayed the packages of gum beside the cash register and arranged that in all change a 5-cent piece appeared. The psychology of the thing—merchandise and the money necessary to purchase it appearing so close together—proved itself in an increase of about 100 per cent in chewing gum sales.

37. Protecting Dealers and Jobbers Against Themselves in Price Policy.—Every manufacturer should fix a specific price for the re-sale of his merchandise, if only to fix an understood profit to those who must handle the article in its journey to the consumer. He cannot rely on the turnover alone to repay the dealer. After he has fixed on a fair profit on his product to the jobber and the dealer, he can then sell them on the turnover and show them how much can be made, over and above the first profit.

Such a policy of protection is necessary because of the ignorance of the dealer which has to be reckoned with. Manufacturers must realize that the average retailer is not a merchant, in the true sense of the word—he is often only a clerk. He does not apportion his expense in a scientific way so that he knows which articles in his store pay him a profit—he doesn't know how. It is much easier if the manufacturer figures a profit for him in advance on the merchandise, and then shows him how the turnover will be just so much added profit.

Every failure to maintain a price policy makes the succeeding attempt more difficult.

The resale price must be sold to the dealer. Ninety per cent of dealers are already well sold, but the 2% make the trouble.

Some jobbers may say that they cannot maintain prices; that the retailer won't stand for it. Aggressive sales managers meet this by sending men into the territory who successfully sell at their prices, for cash, direct to the retailer, and the difference between the retail and jobbing prices is handed over, in *actual cash,* to the jobber who has been accustomed to getting that particular retailer's trade. This square but determined policy usually wins.

Over and over again the distributors may need to be shown that the resale price means greater profit to them, which is the only thing in which they are really at bottom interested. A price policy is in reality only as good as the salesmanagement behind it.

38. Zone System for Jobbing and Retail Prices.—Few sellers of merchandise fully realize what an enormous country this is. Much waste and inefficiency is going on, due to neglect of the differing conditions of temperature, freight haul, etc.

Following the scientific methods of the students of railway rates, a number of manufacturers have been operating successfully a zone system of prices which takes the place of a uniform price maintenance plan, regardless of geography. For many lines of goods this plan is very valuable and uniformly satisfactory to dealers.

The country is split up into six zones, designated by an alphabetic symbol. For each of these zones a printed schedule of both jobbing and retail prices are printed for all numbers of merchandise sold. These prices are based on carefully worked out freight averages. (A similar plan is to have prices the same, but have different zone discounts.)

The following zone map is one used by a well-known

manufacturer located in a central Ohio point, which is an average manufacturing situation. Some of the zones seem very arbitrary, but are nevertheless based on transportation factors. Retail prices are made to vary slightly from this zone plan, as per notation in the following boundary descriptions—due to uneven jobbing reaches. Some crude systems use only three subdivisions, or follow traffic association zones, which, however, were not laid out for such purpose.

A.—Jobbing prices must be maintained at jobbing points in the part of the United States bounded on the west by the ninety-fourth meridian (which passes through St. Cloud, Minn., Fort Dodge, Iowa, and Richmond, Mo.); on the southwest by the Missouri River and the Mississippi River (including river points); and on the south by the Kentucky-Tennessee and Virginia-North Carolina lines.

B.—Jobbing prices must be maintained at all jobbing points between the ninety-fourth meridian (which passes through St. Cloud, Minn., Fort Dodge, Iowa, and Richmond, Mo.); and the Ninety-Seventh meridian (which passes through Madison, S. Dak., Seward, Nebr., and Marion, Kans.) as far as the southern boundary of Kansas; also in southern Missouri, in Tennessee, and the Carolinas.

Retail prices shown in columns A and B must be maintained in New England States, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Michigan, Ohio, Indiana, Kentucky, Tennessee, Wisconsin, Illinois, Minnesota, Iowa, Missouri, Kansas (east of the ninety-seventh meridian), Nebraska (east of the ninety-seventh meridian).

C.—Jobbing prices must be maintained at all jobbing points in the Dakotas, Kansas and Nebraska west of the ninety-seventh meridian; in Arkansas, Louisiana, Mississippi, Alabama and Georgia.

Retail prices shown in column C must be maintained in Georgia, Alabama, Mississippi, Louisiana, Arkansas, Kansas (west of the ninety-seventh meridian), Nebraska (west of the ninety-seventh meridian), North Dakota, South Dakota.

D.—Jobbing prices must be maintained at jobbing points in Florida, Oklahoma, Pacific Coast States, Denver and common points.

E.—Jobbing prices must be maintained at jobbing points in Texas and at Spokane, and common points.

Retail prices shown in columns D and E must be maintained in Florida, Texas, Oklahoma, Washington, Oregon, California, Denver and common points.

F.—Jobbing prices must be maintained at Rocky Mountain jobbing points.

Retail prices shown in column F must be maintained in New Mexico, Arizona, Colorado (except Denver and common points), Utah, Nevada, Idaho, Wyoming, Montana, all Rocky Mountain points.

39. Advanced Geographical Price Equalization.—In certain respects, the zone system of price equalization has not been satisfactory, though it is the best thing there is, short of the radical step of freight prepayment.

This step has been taken by a number of concerns, among them a famous breakfast food. Then prices are exactly the same to all (even quantity prices having been done away with) whether in Florida, Maine or California. The price is "F.O.B. jobbing point," meaning any point where a jobber may have a warehouse, or even (in 5-case lots when the 100 lb. freight rate may be used to full advantage) sending the goods direct to the retailer for the jobber.

The prices have been shaped up after a close study of freight rate averages for a number of years, and risks are calculated after the manner of insurance actuary sta-

tistics. This policy is likely to gain more and more followers, as is also entire abolition of quantity prices.

The trouble with zone systems is twofold. Unavoidable overlapping of zones, and impracticability of planning zones which equalize transportation differences. The resulting controversy is sometimes troublesome to handle, in the case of very widely distributed goods.

CHAPTER VI

THE SHAPING OF SOUND MARKETING POLICIES

40. The Vital Need of Definite Sales Policies.—In any undertaking which deals with so many human elements and far-reaching factors and conditions, well-defined policy is the foremost requirement. In such a complicated and delicately balanced a task as salesmanagement, failure is very likely to follow—

1. Absence of policy.
2. Lack of complete policy.
3. Weak or vacillating policy.
4. Wrong policy.
5. Policies which are in existence but not applied and operated.
6. Policies stupidly or bunglingly applied.

There are very few concerns which at any given moment are not suffering to some degree from one or more of the above ailments. Formulating and applying correct policies are about the hardest mental jobs which a salesmanager and his advisers are called upon to perform. It is natural, therefore, that they be neglected in favor of what look like more immediate and concrete matters of importance. There are always strong temptations to live in the moment and use temporary expedience rather than wise policy. In fact, it takes a certain breadth of mind and business wisdom to realize that policies are necessary at all; and a good deal of courage to sacrifice present gain for the vague assurance of greater success through ad-

herence to another policy. The typical salesman cast of mind is particularly amenable to the use of mere expediency.

A sales organization is a disorganized mob without policies, and has no individuality without a complete set of policies. Serious complications often arise which consume much energy and time. It is not nearly so serious for a live firm to have *wrong* policies as to have *vacillating* or inoperative policies. A live firm needs only to be shown its wrong policies to change them. The deadly thing is a careless and dilatory attitude toward policies, and a neglect to adhere to them rigidly. Policies are not policies when not adhered to rigidly; they become effective and beneficial only when operated with more than usual punctiliousness in the exceptional and tempting cases, as well as the ordinary situations. The disciplinary effect upon an entire organization of well conceived and actively operated policies is very great. The disorganizing effect of policies neglected and inadequate is equally great.

The goodwill effect upon distributors, customers, and even the effect upon competitors is far greater than is commonly understood. Next to the honesty and integrity of a house, its consistent adherence to policies (even when the policies are disagreed with) brings respect and confidence. It is the policy-less or vacillating firm which is distrusted. A public man is judged and wishes to be judged upon his policies. The same should be true of a good sales organization.

41. Difference Between Policy and Principle.—Much confusion exists in regard to the words principle and policy—both of them important words in salesmanagement. The definition is that *a principle* is a standard which should *never* be lowered or deviated from, because based on permanent considerations. *A policy,* on the other hand, is a line of action or idea which is built to fit a condition, and

not only *may,* but *should* be changed or altered as soon as conditions change.

A firm should carefully separate its principles and policies and educate everyone to understand the difference. Honesty is not a policy, it is a principle. A firm may have deep objections *on principle* to such practices as rebating, secrete commissions, inside prices to special favorites, etc. On the other hand it may be a *policy* of the firm to guarantee goods in a certain way, or to maintain a certain service plan, or dealer coöperation method.

Principle concerns itself with matters of fundamental importance—policy with details of immediate importance and expedience. Policies may be operated because of certain principles held by the firm, but policies always remain policies nevertheless, because they deal with detail application of principle.

In sales conferences it is always important to keep these distinctions in view, for very strong temptations constantly arise and tend to make principle and policies yield. Change in policy is always debatable, but change in sound principle, *never.* Many a salesmanager has been shipwrecked on this question—yielding ground against principle, only to find what everyone else finds out, that principles cannot successfully be flouted in the long run. Secret price concessions finally disorganize a business; so does toying with the dazzling rewards of pure expedience and the paying double and triple later.

A clear sense of distinction between policy and principle soon brings order out of chaos and solves many an apparently hopeless situation. Many bad snarls in disputes between distributors or salesmen or between department executives unravel themselves as soon as the policies are disentangled from the principles involved, as soon as definite policies and principles are formulated. Many concerns have never given any conscious thought to the mat-

ter of policies and principles, beyond very elemental things. Consequently they are operating without a clearly defined attitude on many matters of importance which affect them, and as result they are rather characterless and ineffective.

Lack of policies and principles may be even more harmful than if they are mixed up or unusually selected. A thing which has some definite direction, however wrong, is better off than something without direction.

42. Matters for Which Policies Are Important.—As many businesses grow more or less like Topsy, in a careless and casual manner, adopting policies only, when they feel compelled to by pressure, it is valuable to examine a list of the most important items which call for policies.

This list might very well be regarded as a check list for any firm to hold up the mirror to itself to discover if it has adequate policies on all the points requiring policy. These points are:

1. Standard character of the service or the goods sold.
2. Guarantee to go with the article, and general consumer policy.
3. Price, price protection and scale of discounts to be maintained.
4. Experiment and analysis upon which article is developed or based.
5. Finishing, shaping and packaging of article.
6. Claims made for goods.
7. General type and personality of the business.
8. Policy of development, growth, expansion.
9. Policy toward competitors.
10. Policy toward trade and distributors.
11. Policy toward employees.
12. Policy toward methods of accounting.
13. Financial policy.
14. Credit policy.

15. Purchasing policy.
16. Policy of salesmanship and sales method.

There are, of course, many more matters—some equally important, but mostly detail matters—coming under the above subheads, which also require policies. The firm which has sound and complete policies on the above matters may be said to be up to par on policy.

43. How to Measure the Efficiency of a Policy.—Policies are often too quickly and frequently decided. It is forgotten that since policy is next in importance to principle, there are many considerations which need attention before a policy can be shaped finally.

What are the tests for sound policy? The following are the principal ones: A sound policy should be

1. In accord with legislation and social and economic conditions.

Example: Goods known to have been made in sweatshops or without meeting the requirements of food or drug laws are not popular. Goods sold in contravention of laws discredit a firm.

2. In accord with the tendency of the time, but not too far ahead of the times, before the public is "ripe" for it.

Example: Firms gain public good-will by making it known that they take a close and deep interest in their employees.

3. The policy must be stated clearly and concisely; the simpler and shorter the better.

4. It should be more liberal than that of competitors. This is one of the surest ways of triumphing over competition without cutting prices, or even at higher prices.

Example: If one firm guarantees "unconditional satisfaction" it will draw customers away from the competitor whose guarantee is hedged about with "ifs" and "conditions."

5. It should be far-seeing, so that the firm will benefit by the development of future tendencies either of the public or the trade.

Example: When Mr. Carnegie made his most promising assistants partners, a less farseeing chief would have feared to give away too much of his profit, but Mr. Carnegie's success proved his judgment correct.

6. It should be made known as widely as possible to those interested.

(That is why large firms issue printed instructions and manuals, why others advertise their policy liberally in publications, on packages, and through other mediums.)

7. It should be susceptible to changes when modified conditions very clearly demand it.

8. Time and energy saving; clearing the air of misunderstanding and permitting employees to act for the company without making mistakes.

9. Compromise with the difficulties of a situation in the way most completely to the justice and satisfaction of all concerned.

10. Inspired respect and confidence in all concerned.

Any policy needs constant retesting for efficiency. Employees and others should be encouraged to register "kicks" against policies, since they may give the cue to real need for change or amendment, or else afford another opportunity to "sell" the houses' policy to someone who is not "sold."

Periodically, dealer or consumer investigations should be made not only to check up the status of the houses' policies, but also to discover the relative rank of the house and its competitors in the matter of reputation for its policies.

44. Featuring a Single Policy as a Keynote.—Because individuality is of decided value in selling, it is sometimes highly logical and desirable to give a single important policy limelight and advertising. In fact many businesses

owe their reason for existence to a policy; and therefore such a policy is the central pivot on which the business swings. It naturally follows that the advertising of such a policy becomes very important. For this reason slogans are often made representing the keynote policies, and these slogans are so much repeated that they become as familiar as the name of the company.

Among the illustrations of such featured policies might be listed the following:

Loft's Candy	"Penny a Pound Profit."
Huyler's Candy	The name lends prestige to the giver.
Eaton's Great Stores	Cash by mail or over the counter.
H. J. Heinz Co.	Purity and Great Variety (57).
Pullman Co.	Courtesy.
Filene & Sons	Employees have a voice in management.
Astor Estate	Avoid making improvements in real estate owned.
Worth of Paris	Creation of Innovation and Advance Styles.
Simmons Hardware Co.	"Recollection of Quality remains, after the Price is Forgotten."
National City Bank New York	Extreme Promptness (achieved through a day and a night staff).
Wood, Harmon & Co.	Buy back real estate within a specified time from dissatisfied investors at original price paid.
Hudson River Tunnels	"Let the Public be Pleased."

Although these firms' policies are often epitomized in a slogan, yet in many cases (for instance the Pullman Co.) very full details concerning their application are given in the form of manuals. Investigation shows this to be the most approved method. It is deadly for a much advertised policy to be mishandled by an ill-trained employee. If much is claimed, much must be delivered. At the same time, empty slogans and mere generalities are harmful, as they give an air of insincerity of policy.

45. Profiting by Competitor's Weakness of Policy.—Frequently a weak point in a competitor's policies or lack of policies will create a valuable opportunity to start a new business. For example, the neglect of old-fashioned cracker bakers as to the condition of their soda crackers sold from large boxes or barrels, encouraged a group of men, not cracker bakers at all, to build the wonderful success of Uneeda Biscuit—with the policy of fresh, sanitary untouched goods.

Still more frequently there is opportunity in a competitor's weakness of policy to formulate a correspondingly strong policy aimed to show up his weakness and capitalize it.

A manufacturer who is autocratic and stiff in his policy to distributors opens the way for success to another concern who features liberality to distributors. A concern which has no policy of communication with the public shows a weak spot to a competitor who will reverse this policy. A concern whose policy is high price and moderate volume of sales opens itself to the competition of a policy of low price and large volume. A firm which elects to grow intensively, working one state or section at a time, will likely inspire a competitor to cover the entire country in order to be first to reach at least the most strategically important territory. Further examples in any number might be cited; but other aspects of this

subject are to be found both in the chapter on "Meeting Competition" and also on "Sales Strategy."

A competitor's policies are important to know, first to comprehend the exact nature of resistance to be encountered, and second, to be able sufficiently to individualize and make distinctive and separate the policies of a house. A firm's policies are in a measure what clothes are to a man—they should be tailored to fit the individuality of the house, and they are an expression of the house.

46. Policy and the Twenty-Year Point of View.—All businesses presumably are intended to continue for a long time. However much profits for this year are desired, *continued* profits are even more desired, because all businesses make considerable initial sacrifice in the hope of future gain.

The correct outlook, in formulating policies, is therefore at least twenty years ahead. Policies which do not take into account the forces which operate in a way to affect business 20 years from now, are not really adequate policies. Salesmanagement often suffers deeply from lack of systematic looking ahead. A straight line toward a sales goal, carefully developed and planned, is the shortest distance and costs least money. There is no reason why the specific development of a business should not be blue-printed, year upon year, project by project, for 10 to 20 years ahead; and then have sales executives endeavor with that goal before them, to plan their work to reach it. Goals of certain figures in volume to be achieved in a year are planned for too brief a span—there should be a one-year and a *five-* or *three-*year goal set.

There is no reason why a sales project cannot be planned just as you blueprint a plan for your new house. You know while the cellar is being dug just how the garret is going to be. The details are all on paper, and a time schedule of operations is not a theoretical proposition in busi-

ness, but a highly practical one. One concern which did this had a blueprint made up with specific goals for each year. In 1916 it had itself scheduled to open a San Francisco office, and did so. In 1917 it planned to have a distributing station in Kansas City—and now has one. It is living up even in present unexpected conditions, to its goal. This firm would no doubt have "let down" during business depression periods if it had not been for the blueprint. A copy of it was placed in the hands of every employee and agent, thus most definitely committing the company. Pride kept them following their program. Not only the executives of the organization knew what they were planning to do, but each employee of the organization was stimulated and keyed up to understand that if he fell down in that company, it was he who kept the firm from its legitimate growth.

Such policy has a galvanic effect on the entire organization, since it makes clear the objectives, the *long* objectives; and gives each individual that long distance perspective of the firm's destination which is so important to an employee's right feeling.

No doubt some of the goals set for a 20-year period will become obsolete and be changed. But this does not detract from the merit of the plan, nor does it hurt the prestige of the firm if the goal is somewhat changed, so long as the sense of progress and forward movement is retained.

A temporary policy may result in the need for enormously costly changes to be made after four or five years of heavy investment in a policy which cannot be continued. Now the need for such costly revision of policy might, and probably certainly, could have been foreseen at the start by a slight expenditure of time and money in securing the right information on conditions and probabilities. A sales counselor trained to analyze trade and merchandise tend-

encies, economic changes, legislation and the public temper may be able to render enormously valuable counsel in such long sighted planning.

47. Policies and the Human Equation.—Policies are really merely the reflections of men. No matter how thorough a set of policies are adopted, they will not "stay put," or be carried through under storm and stress, *unless the men are as big as their policies.* There are some business heads who are known to be chronically unable to stand by a set of policies; they shift from one set to another with chameleon-like facility. They are afflicted with the habit of making ready decisions in conference, only to neglect them when they come out of the conference room. They "slip back" on nearly everything really big and important they decide. They are unable to "sell" themselves on their own decisions; or they procrastinate with fatal readiness. A decision should be simultaneous with action, for the conditions on which the decision was made change rapidly.

It may be well to repeat here that some matters call for principles and others for policies, and that while principles should *never* be altered, *policies* ofttimes need amendment and development to meet new conditions. Some men are too stiff with policies and others altogether too liquid. Some refuse to change policies because they confuse them with unalterable principles, yet there are only about five principles which a sales executive should set his face against changing. They are:

1. To make a thoroughly good product and sell and advertise it for exactly what it is on principles of integrity and honor in every contact with public or with distributors.

2. To regard reputation and good will for the house as an institution as the most important ingredient in the merchandise; and therefore look at all matters from the 20-year point of view.

3. To take a positive, aggressive, progressive and educational attitude toward the market and the field.

4. To have a sale represent at least 25% service and 75% merchandise.

5. To keep ever perfecting and humanizing the organization.

That part of a salesmanager's job which has to do with securing sanction from executives higher up for policies deemed necessary by him is another troublesome phase of policy-making and policy-keeping.

No Salesmanager will rise very far if he has not got the capacity to build up the breadth of vision of his own higher executives. It is a necessary part of his technical training, for the reason that sales conditions are so frequently foreign to the temperament of the men at the head of a business, while the degree of courage, stamina, and forward movement demanded by aggressive sales policies are such that the salesmanager must needs be able to carry his higher executives with him into somewhat radical moves and expenditures based on conceptions of policy and investigative data. If he tries to "go it alone," he will find that he will be tagged with a failure which he cannot well explain to outsiders. He needs to be a big enough man to widen the perspective of his superiors regarding the market—in other words be a real, sure-enough salesman to sell the sales work to the financial or manufacturing or accounting types of mind he finds above him. In the solving of this problem he must respect information deeply, use it strategically and know how to present it to men higher up so that it will "get home."

48. The Importance of the Man in Sales Success.—At the very outset, sound marketing policy on the part of executives and boards of directors higher up should concern itself with the personnel of its sales executive positions. It is not sound marketing policy to get sales at any cost, or to get

sales too rapidly or on an unwise basis of argument or campaign or by men who do not reflect the right spirit and atmosphere vital to the houses' continued reputation.

Successful sales building, as in successful business building generally, depends on (1) men, (2) information and (3) policies. The greatest of all these is men, for with men we create organization, which is the most important of all sales tools. From knowledge and experience with men's character and insight we develop and maintain policies and principles. A manufacturer's business is usually just about as big as he and his executives and advisers, and no bigger. But what is more important still, as soon as a house grows bigger it needs to understand policy and principle more in detail than ever, and also to appreciate the need of men and information more than ever, so that it will be capable of both formulating and carrying out policies of the calibre demanded.

A prominent manufacturer has said that even if his factory should burn down and his records be lost or his capital wiped away—still he could quickly duplicate his business if he had his *men,* for they and their character commanded the credit which would furnish new capital, while their brains and salesmanship and capacity for making and operating right policies would quickly duplicate the work apparently lost.

In an astonishing number of cases sales success is not a question of methods or plans to reach a given goal, but always a question of *men* who will adequately, courageously and intelligently carry them out. There are many capable of laying out the lines of development and plans of operation for any average business—but the real job is to bring together and keep together the men who will work out those plans with wisdom, skill and consistent aggressiveness. Salesmanagers who meet such requirements are not plentiful.

CHAPTER VII

ACHIEVING SUCCESSFUL DISTRIBUTION

49. Automatic Sales Through Smooth Running Distribution.—Quantity selling is the greatest modern profit policy—and quantity selling is only possible when backed by a system, a machine, *an organization of distribution.* One box of cartridges sold each week in one store seems an infinitesimal amount of business, but when there are 80,000 stores each selling for you at least that amount each, as has the Remington Arms-Union Metallic Cartridge Co., large aggregate sales become possible. The same is true of Ingersoll watches. The little profit on a dollar watch is not much; but multiplied by the 70,000 or more stores that are selling, the profit on the volume of business is large.

Automatic Selling is the ideal of all salesmanagement, whether for a staple or a specialty, and it is the ideal to strive for in building any distributive organization. By "Automatic Selling" is meant continuous repeat orders coming on because of ideas of quality or service engendered in consumers and aggressive selling help from retailers and jobbers. There are hundreds of firms making good articles which could be sold in large quantities at a fair profit if their executives had ability to build a larger distributing organization and knew how to keep up an even sales development which brought a steady stream of repeat orders.

As a matter of fact the "key log in the jam" of most manufacturing concerns' failure to reach greater size is the inability to get beyond a certain localized or limited distribution. All other problems may be well solved by such

concerns, but in the development and maintenance of a broad net of distributors pushing their goods they frankly confess a large or small measure of defeat. They admit the problem is to some extent beyond their powers. Their distribution organization is exasperatingly spotty—sales are good in one territory this year and poor the next; at no one time is there anything like a uniform or even flow of orders. The distribution machine creaks and spurts spasmodically. It needs the attention of expert counsel on distribution. There is no reason why any good article should not approach the ideal of an automatic demand—not of course as automatic as a staple product, if it is a specialty, but still a really automatic demand which has something like an even flow because it is stimulated wisely and correctly.

50. The Seven Elements of Successful Distribution.—The specific factors in successful distribution may be said to be about as follows:

1. A maximum number of live selling units (retailers or canvassers).

2. A rigidly uniform and fair method of dealing.

3. A smooth-running channel of middlemen, if necessary (jobbers, selling agents, commission houses or local branches).

4. A steady "pull" or "demand" from the consumer, arising from advertising direct to consumers.

5. A steady "push" toward the live selling units—to keep them supplied with enthusiasm, new ideas, assistance and conviction, accomplished through salesmen, trade paper advertising, house organs, letters, etc.

6. A system or campaign plan to extend the reach of the distributive organization, in the shape of specially designed advertising, special crews, "missionary salesmen," etc.

7. An efficient routine organization to handle all matters without friction or complaint or loss.

The nature of these elements readily explain why there is so frequent failure to attain them. They are very complicated and very difficult factors to master, each and every one of them. It is foolhardy for any but a mind trained to handle such factors to expect success. They show on their face the degree of generalship and organizing ability required, to say nothing of the men, money and other resources necessary to success.

51. Distribution as a Mechanism.—A distributive organization has many of the same peculiarities as a machine. It needs much oil and a good deal of expert attention, and it is composed of a great many parts, all of which must be perfectly meshed into each other without friction.

Now, a machine of such proportions as will sell an article in an adequate manner is, necessarily, a delicate poised and individually adapted machine. It must practically be *built to order.*

The distribution machine which is most perfect, most profitable and smoothest running, is naturally the machine that sells your goods most automatically (with the least cost, time, effort or parley). An ideal distribution machine is composed of many selling units. In the case of Ivory Soap about 250,000 or 300,000 stores sell the goods That is a very huge machine, but essentially simple. It puts 300,000 people to work, and if each one works only the tiniest bit, it rolls up a big volume of sales automatically. The law of averages is the speedometer to such a machine.

The reason for a distribution machine is to have goods ready for the consumer in his own locality, to render local service, to display goods in the recognized centers of buying, to unload small credit risk, to save time and cost, and to more thoroughly canvass local possibilities. Whether selling belting or machine tools or breakfast food, we are

all aiming at a machine which will represent us to prospects with the same degree of aggressiveness and skill as we ourselves would if we were operating that store or agency. That ideal of a distribution machine is very rarely achieved, but is the goal to aim for.

52. "High Spot Selling" versus Concentration and Intensified Work.—"Hitting the high spots" is a phrase and often a reproach—as indicating shallow planning and insecure sales building.

The subject is much more complicated than it seems, however, and how to adjust the particular proposition to the method is not a simple task.

As a method, "high spot" selling has a distinct strategic value.

For even the most thorough salesmanager would probably (in the grocery trade) divide the United States into 15 sections, in each selecting a strong, centrally located jobber. This special jobber receives each month a bonus on total sales. In each territory he places one of his own men who becomes a resident salesman. This man works for the jobber; his salary is paid by the manufacturer. He acts as eyes and ears for the home office. He works with the jobber's men and intensifies the interest of salesmen and dealers in his particular line. He is in effect a high spot.

For, having picked out our distributing points and selected our distributing organization, do we not then seek the king pin retail distributing points in the section? Those leaders in business who are quick to grasp the bigness of our advertising and selling plan want to catch the crowds who will be reached by our advertising appeal and their public endorsement of merchandise.

In the city of Philadelphia there is an organization including some 50 or more retail grocers with about 100 stores who bind themselves together under a title, "Co-operators."

These men come together weekly and give each other ideas which may be of help in running their retail stores. They come together to consider selling problems. They come together to consider new ventures in merchandising. They are non-competitive merchants and for the most part the very best in their particular neighborhoods. If a distributor enters Philadelphia and can secure the coöperation of these 50 or more grocers through their personal direct selling effort and such advertising as they may do in their retail business, we would surely say he is hitting the high spots.

But it is by hitting the high spots of trade, like New York and Chicago, that we get prestige in reaching the smaller cities and towns who follow the play as staged in the big town. We realize that having sold the Wanamaker's, Macy's, Lord & Taylor's, Altman's, Park & Tilford's, Acker-Merrill's, Charles', The A. & P.'s, we make it easier to sell the neighborhood stores and the small shops that run close to the Fifth Avenues and 42nd Streets of retail trade. The retailer who has the support of the king pin retailers in Philadelphia or elsewhere, is keen enough to know that this first success is the big argument which he can use in securing the trade of all the stores that may be in the neighborhood or vicinity of the one leader who is pushing a particular line through unusual selling and advertising efforts due to his own ingenuity and activity in retailing. When one can take to the neighborhood stores evidence showing that the big man is working to take the trade away from his neighbors, surely the neighborhood store will put in the same kind of merchandise, and be more anxious to push that line, in order to keep his trade from getting the habit of going to his competitors' stores for goods. This is particularly true when the merchandise is backed by strong advertising on the part of the

manufacturer. The high-spot plan works and is an entirely logical principle.

Still, after agreeing as to the efficiency of hitting high spots, it is quite right to say that salesmanagers too often merely hit the high spots and too *infrequently* work intensively as well.

While the big shoemakers were opening branch retail stores and selecting only big cities, it used to be said that Douglas men covered every crossroad pump and small town; and there is reason to believe that it may have been this policy to the simple country folk and small town people who wore Douglas shoes that gave the impetus to the big town Douglas stores where the country people of yesterday reside to-day.

The decision as to how far, if at all, high spot selling is wise must be made only after the most painstaking consideration of all factors involved.

53. "Percentage of Distribution."—When all the *possible* retail outlets of selling are counted up, and divided into the number of *actual* outlets selling the goods, we get what is known as the "percentage of distribution" which any given product enjoys. Articles of universal use, sold through jobbers have the largest number of retail outlets, but it is hard to check up the distribution, as the manufacturer does not fully know where his goods are sold.

An 80 or 85% distribution for an article sold through jobbers to the grocery trade is considered a pretty fair distribution, although very famous articles such as Ivory Soap or Baker's chocolate enjoy an even higher percentage.

The average is very low—many articles have scarcely 20% distribution even though sold and advertised nationally. It is a very practical thing to do, to keep clearly before both the executives and the salesmen the percentage of distribution attained, so that a full realization of the goal still to be attained may be understood. Lack of dis-

tribution is a great waster of valuable energy and money and good will, as the consumer so often under such circumstances finds it difficult or impossible to secure the article after having become persuaded to buy it. Many costly campaigns of national advertising have been undertaken before distribution had reached a percentage which made broadcast advertising advisable and effective.

Any territory with less than 20% of possible distribution is merely "pegged" and not covered and it then becomes a question of broad policy as to whether limited territory is to be developed intensively before spreading out further or whether conditions warrant a policy of wide-flung effort, with intensification only at strategic points.

54. How Aggressive Advertising Builds Distribution.—Educational support of the distribution is vitally necessary. Like any machine which has many widely scattered parts, it must be well connected with the source of its power. It takes plenty of horsepower to make such a huge national machine operate, and that horsepower is composed of the educational aggressive advertising effort which is put to work behind the distributors. Much merchandise will be found on the shelves of distributors and in the warehouses, which is practically in storage. They keep it—that is all. To criticize distributors on the ground that they are merely "cash registers" waiting for orders to be punched upon them is beside the mark. As a matter of plain fact, such a situation is absolutely up to the manufacturer.

We labor under a bad delusion when we believe that any distributor is more than a distributor. It is impossible, beyond a very limited point, to make a special salesman out of any distributor. As the average jobber has on his lists about 80,000 items, he cannot possibly "push" even a very small fraction of them. It is absurd and wrong in principle to depend much upon any distributor for aggressive work. The thing to do is to make a

high-grade educational sales and advertising effort. It is up to the manufacturer of an article to create the demand for his article. It is not the function of any distributor to create the demand. He is not organized to do it. He is organized to *supply* demand. He can only help when the manufacturer is pulling the heavier part of the load. It is true that ideal jobbing and retailing should (and does in many cases) include creative as well as distributive effort. In theory and principle retailers should be educators and developers. To make a distributor attain this, first catch your distributor, and then educate him.

Only a small proportion of the 1,000,000 retailers of the country are mentally and otherwise equipped to fulfill such a conception of creative assistance.

55. Educational Effort on Dealers to Increase Distribution Efficiency.—Much sales failure occurs simply because of a complete lack of team work in understanding the nature of a distributing machine. One leans on the other, and both fall down. They do not take their share of the job and do it well. This is typically illustrated by the case of the owner of a certain new disinfectant. He appointed a salesmanager who was well satisfied after several months because he had gotten distribution among 24,000 stores. In six months' time he was worrying as to what he was going to do next. His goods were on the shelves of 24,000 distributors, but he was selling so little that he was ashamed to tell how much.. On the other hand, the dealers were resentful because they had expected a big demand to develop. This is a typical example of fatal leaning on each other.

The dealer must first of all be educated about the merchandise he is selling. If the distributor himself does not thoroughly understand the merchandise he is selling (which is not the rule), then his clerks don't. The ways for securing such education are:

1. Salesman's demonstrations.
2. Special traveling missionaries or companions to jobber's salesmen.
3. Booklets for clerks.
4. Trade paper advertising.
5. Sales correspondence courses.

These educational methods are well tried and have the highest proved efficiency in making live creative units out of distributors.

CHAPTER VIII

SELLING DIRECT AND SELLING THROUGH JOBBERS

56. Why Some Firms Prefer to Sell Direct to Retailers.—There is no merchandising problem more intricate and vital than the one dealing with the question of the manner in which the contact is to be made with "the trade" (the retailer). Desire to grow rapidly and to sell aggressively has forced many manufacturers who naturally and normally would sell through jobbers to sell direct to the retailer. There is a decided tendency in this direction among a live and modern group of those who wish to carry their standards and policies direct through to the retailer, thus coming in closer contact with the ultimate consumer. At the same time certain types of articles of wide universality of sale cannot well do without the jobber and have developed policies of successful coöperation with them.

Of course, if the article is technical or if it is of special nature, it is often sold direct to consumers. But if it has a wide sales possibility through the ordinary types of retailers, and must be ordered in small quantities frequently, or if it is of heavy bulk, middlemen are as a rule necessary.

Whether it is preferable to sell goods through jobbers or to retailers direct, is determined by the question as to whether the maker can render functions of a jobber just as well or nearly, as well as a jobber—that is, convenient availability of goods, credit facilities, etc.

With many concerns the deciding consideration for selling direct is ability to serve the goods fresh or with the high standards of service desired to maintain to consumers.

Among the manufacturers who have found it advisable to sell direct to the retailer are the following well-known and aggressive firms: National Biscuit Co., H. J. Heinz & Co., Colgate & Co., Standard Oil Co. Other firms have found it undesirable to eliminate the jobber. Among these are such well-known firms as the Kellogg Toasted Corn Flake Co., Remington Arms-Union Metallic Cartridge Co., etc.

Still others find it wise to "straddle," selling both to jobbers and retailers direct under certain conditions. Among these are Mellins' Food Co., International Silver Co., Oneida Community, R. H. Ingersoll & Bro., Victor Talking Machine Co., etc.

57. Advantages and Disadvantages of Selling to Jobbers.—The country being as large as it is, it is a manifest absurdity for grocery, hardware, dry goods, drug and other lines of merchandise to be sold directly unless it is possible, and for special reasons justifiable to employ huge capital in a distributive organization as an auxiliary to manufacturing. Broadly speaking, it is bad business to "mix functions"—that is for a manufacturer to be also a jobber. Yet, broadly speaking, if he is to succeed he must master his distributive difficulties, no matter what they involve.

Naturally and normally a jobber is a very economical and vital part in selling, for these reasons:

a. The jobber has an established sales organization that closely covers his territory and maintains cordial relations with the trade.

b. He buys in large quantities, which facilitates the volume of business done.

c. He relieves the manufacturer of the necessity of traveling a large sales force, handling a large number of accounts with their credit risks and the labor of collections.

d. He has superior "warehousing" facilities; that is, he carries a stock of goods on which the retailer can draw quickly and without having to pay disadvantageous freight rates (since the jobber gets his goods in quantities that will permit favorable freight rates).

On the other hand, must be considered the possibility of the following unfavorable factors:

a. The loss of contact with the retail outlets of the manufacturer.

b. The jobber may at any time switch over to a competing line, which leaves the manufacturer without a market.

c. The jobber's principal interest is in profits and for this reason he is not so careful of the reputation of the goods as the manufacturer.

d. The jobber may at any time become a competitor with the manufacturer whose line he had been pushing by having his (the jobber's) own "private brand" made up either under contract or in a factory controlled by him.

e. The jobber has so many lines to handle, that even if he is disposed to do so, he can hardly concentrate his attention upon any given line.

f. The jobber feels no desire to adhere to any business policy laid down by the manufacturer.

g. Convenient availability of goods is probably the most important function of the jobber in the modern sales organization, particularly in the West and South, where distances are great, with resulting favorable freight rates on carload lots for long hauls.

58. Branch Warehouses and Other Compromises and "Straddles."—Some firms which do not sell through jobbers find it advisable to maintain branch warehouses in jobbing centers, so that the trade can easily obtain their goods. For example, the National Biscuit Co. has 320 local branches, which supply also the surrounding territory. Devoe &

Reynolds Co. (paints) have 11 branches in the South, which is their principal territory.

Convenient supply depots are particularly vital with perishable goods. The packing firms like Swift and Armour maintain warehouses in every important center to supply goods that must be refrigerated.

However, with the advent of the parcel post and lower express rates "convenient availability" has acquired a new meaning for comparatively light or small goods (hardware, notions, jewelry). This new condition has brought about a widespread practice of the partial elimination of the jobber in many lines. It is used in combination with systematic saleswork through the mails to supplement the work of the sales force; with mail order sales in uncovered territory as a means of inducing dealers to stock the goods; and with the use of local jobbers where advisable.

Such a mixed policy is justified by geographical conditions. Distances in this country are large, and over 50% of the consumer population is scattered in the rural districts, doing their trading in small towns of 1,000 population or under. According to the last United States census there were over 60,000 such towns, each with a few dealers in each line or a "general store" carrying practically everything bought in the community.

Yet, in many lines of goods, the total purchases of each "country store" would be too small to warrant the call of the manufacturer's salesman. Therefore, unless the manufacturer "covers" them by mail these customers are the logical trade of the jobber. This explains why the Gillette Safety Razor is sold partly through the jobber and partly direct to the retailer; and why many other firms pursue a "straddle policy."

59. Getting "Sales Punch" to Retailer Through Jobbers.—Coöperation in the way of advertising, advertising helps

for the dealer, etc., can hardly be expected from the jobber of his own accord.

Therefore, such firms as Yale & Towne Co., Remington Arms Co., the Shredded Wheat Co. and others make considerable effort in coöperating with retailers direct in the way of advertising assistance, window displays, etc. Some of these firms maintain a traveling force that visits the retailers, but either takes no order or else refers orders which he takes to a jobber to fill.

Some firms supply the retail trade through the jobber who supplies, with the order, requisitions for advertising matter which the manufacturer furnishes direct. This method has been found less expensive, but also less productive of returns.

Direct sales work upon the retail trade, even when goods are handled by jobbers, has been found necessary by manufacturers who enter a new market. In fact, jobbers are not eager to handle the goods, unless the maker "creates a demand." This is a very natural attitude of mind for the jobber, who has a large number of different kinds of merchandise to handle.

One method of coöperation is the established fixed policy of the manufacturer to deal only with jobbers, or only with retailers direct. In one case, he will make the jobbers "solid" with him, in the other, the retailer.

The most common method of discriminating between jobbers and retailers, and of encouraging or discouraging the handling of goods, is a schedule of prices that will increase or limit the margin of profit obtainable on the goods.

60. The Jobber and "Mixed Functions."—Business policy with regard to jobbers has been greatly complicated by overlapping of dividing lines between the proper functions of the manufacturer, jobber and retailer.

A typical illustration of this condition is furnished by

Marshall Field & Co., Chicago, known to the public as one of the largest retailers. Yet it does a larger jobbing business than a retail business and in recent years has erected large factories and started to manufacture many lines which it sells at both wholesale and retail.

Naturally it has been found by the manufacturers of competing goods that this policy of Marshall Field & Co. interfered materially with their own sales, since this firm could hardly be expected to push rival lines in preference to its own.

If a jobber also runs a retail store—as many of them do, particularly in the hardware field—naturally the latter as a retailer has a price advantage over the other retailers who in many cases show their resentment toward the manufacturer who thus discriminates against them, intentionally or unintentionally.

Again, the manufacturer who gives the full jobber's discount to a jobber who also manufactures similar goods under his own "private brand" name, is practically giving a price advantage to a competitor.

The subject of the private brand is a very sensitive one, and goes to the heart of the matter of "mixed function." It is unfortunate that jobbers were ever unwise enough to usurp a manufacturing function, as it has made rival antagonists out of the maker and distributor whose normal business it should be to coöperate closely without conflict of interest. The mistake has greatly weakened the logical strength of the jobber as a distribution unit.

If, in a manufacturer's dealings with jobbers a clear dividing line is established between jobbers and retailers as a class, there is the discrimination through freight rates, for some jobbers cover the entire country, others only limited sections of it.

If a clear dividing line is established on the basis of quantity prices, complications are apt to arise from the

fact that some large retail stores or chain stores and buying "syndicates" purchase larger quantities than many jobbers.

Thus has arisen the natural policy that the quantity bought fixes the discount whether the buyer be jobber or consumer. This policy is fairly widespread.

CHAPTER IX

CREATING DEMAND AND EDUCATING CONSUMERS

61. Demand as a State of Mind.—There are two kinds of things to sell: (1) What people unquestionably want; (2) What they are somewhat indifferent to, but you believe they need. The more eager people are to buy goods, naturally the easier it is to sell them. Some industries pride themselves on their success, whereas they have simply grown up automatically with an industry. For years a greater number of automobiles were desired than could be manufactured—they were *bought,* not sold. The public was in a buying state of mind, and the demand was naturally therefore strong.

Demand is the thermometer which registers and measures the success of a business. A good article without an existing demand for it, with nothing but anticipated orders, is merely a hope of success. Regular business patronage of any kind constitutes demand. How to increase it, make it more permanent and more profitable—these are the great first aims of advanced salesmanagement.

It has been found that demand for a particular firm's goods or services hinges upon either one or both of these two factors:

1. State of buyers' minds.
2. Recognized price or quality advantage.

Investigation has developed the consensus of opinion that when the buyers are in an unusually favorable frame of mind they make a demand for the goods and are willing to pay a higher price, even when in competition with

superior quality. Likewise, when they are in an unusually *unfavorable* frame of mind they won't have it at any price or any quality. It is therefore easy to see why the public state of mind is of absolutely first importance.

This state of mind apparently has a great many angles according to the goods or service for which demand is desired. To endeavor to sell high-wheeled bicycles today would merely provoke laughter, as did Ford's effort to sell automobiles fifteen years ago. Large portions of Europe will not adopt telephones or buy bath tubs or dentifrices. American business firms only 35 years ago sneered stubbornly at typewriters.

62. The Subtle Work of Creating a State of Mind That Leads to Demand.—In creating a demand for a product it has been found necessary to use the same subtle advanced and analytical tactics which great editors and politicians use in affecting the opinions of masses. They never hurry or bewilder the public by trying to secure a too-rapid march forward. Roosevelt, who was perhaps the greatest example of ability in leading masses in radical forward steps, says that it takes a long time to wake up the American public, but once they are awakened they go much further than you ever dreamed of. This is just as true in creating a demand for an article which necessitates a change of habits—like linen collars, ready-made suits, safety razors and fountain pens.

Roosevelt never lost patience with the public, but kept repeating his radical ideas over and over again, always investing some new dramatic form of presentation, and keeping the public eye fixed intently on himself while presenting them. Editor Bok of the *Ladies' Home Journal* finds the same principle true in leading two million women forward. Years ago he started to lead women away from patent medicines and to instil modern ideas of child hygiene, etc. The first few efforts invariably made no im-

pression, but undiscouraged he kept up the crusades in new forms, *until demand was created.*

This is the formula, in principle, for all effort to create demand among the public for new goods. To create demand for staple goods, like sugar or flour, the process differs only in that you must create demand for a *brand* instead of for the article itself. No one need feel discouraged over any work of changing of habits of people or developing a demand which has a real innate appeal or value. It is simply necessary to understand the slow processes necessary to organize, finance and manage the campaign accordingly.

The creating of a radically new demand is now definitely possible, as has been proved through the experience of many firms.

63. Changing the Public's Habits and Standards.—A buying state of mind is a great sales achievement if you anticipate it early, or if you can develop it without too great cost and effort. Many firms resort to "publicity" through press agents and lectures, etc., to develop this valuable but slow-moving condition. But it does not easily respond. It is a psychological condition and must be studied individually in relation to each particular case. The universal desire for bath tubs, for linen collars, for sanitation in the home, for tooth brushes and a thousand other things have been brought about mainly by the determined, long-visioned work of business firms through sales and advertising methods.

Some very striking examples are constantly occurring. For example, Switzerland was long known as Europe's summer playground. For six months of the year hotels, railroads and other tourists' accommodations were overtaxed, but during winter they were idle.

Steam radiators and other comforts were installed and a systematic campaign was started, popularizing and ad-

vertising winter sports such as skating, tobogganning, skiing, etc. As a result the tourist business in Switzerland became prosperous *the year round.* It became the fashion in England and France and Germany to winter in Switzerland.

Another remarkable illustration is found in the safety razor situation.

When you look at the portraits of men taken two decades ago, you will notice that most of them wore beards. To-day most Americans are clean shaven and the beard is now decried as a carrier of germs. There is no doubt whatever that safety razor advertising has been largely responsible for this change. Razor makers were unprosperous until work on the public mind was systematically begun and brilliantly developed.

Creative work of this kind is changing not only the buying habits, but also the living habits of people. There are now many advertisers at work, following the lead of Postum, to convert coffee drinkers to non-caffeine beverages.

Women's clothes and fashion habits have been marvelously changed through shop window display and advertising. As a matter of fact the advertising of business houses has made over the habits of the whole country, so that the young man in a small town in Kansas wears the same up-to-date clothes as the New York youth, and at the same time. This is accomplished by deftly working on the subconscious mind of the public by persistent and consistent effort.

64. Demand Creation in Relation to a Mass Movement.—Sometimes it is possible to "hitch on" this sort of popularization to a public tendency or movement, such as the "Fire Prevention" movement, the "Safety First" movement, the "Pure Food" movement, etc. This is because there are always various tendencies of change and reform

already going on and it makes the work easier if they can be harnessed to sales work, and, of course, they are logically a part of public movements, and public policy is served thereby.

When no such public tendency exists, it can ofttimes actually be created. For example, a firm interested in public service corporations, increases the consumption of electric current or gas in the cities where it has its plants, by creating a wave of civic pride and patriotism, as a result of which the stores light up more brilliantly at night, and electric signs are used more extensively by local merchants, also by the city authorities by illuminating the civic buildings, by the Board of Trade, etc.

In view of these facts, it is a very inaccurate and unsafe procedure *to take the present habits of mind of the public as final.* If there is profit in changing the public's habits and state of mind, it is a question for sales and advertising experts to accomplish such a change. Any one, retailer or manufacturer, finding himself up against stagnant, fixed public habits needs only to do the necessary development work to have results come gradually. It is an actual fact that it took ten years of hard, uphill work to persuade business men to use telephones, typewriters, etc. Now it's absurd to think of doing without them. In a similar way salesmanagement enterprise has been responsible for popularizing many other public benefits.

If possible, it is highly desirable to create such a state of "public enthusiasm" because each individual of the mass becomes a radiating center of influence more or less in favor of the goods in question. This influence is all the more readily transmitted because it is well known that the crowd, taking it as a whole, does not think, but feel. Therefore, a master hand in the matter may work great changes, always assuming that what is offered contributes lasting profit, pleasure, and benefit.

65. The Technical Tools of Demand Creation.—Some of the best methods of creating such a public state of mind are the following:

a. Educational advertising, on billboards, newspapers, magazines, street cars, etc.

b. Auxiliary advertising in the shape of buttons, banners, novelties; of all kinds.

c. A slogan—one of the simplest and most effective methods, particularly if the slogan has merit, either through rhyme, rhythm or some other "catchy element" that gives it general currency in the public mind; for example, "See America first."

d. Articles in newspapers, magazines etc.

e. Lectures, demonstrations, show window and store exhibits and "expositions."

f. A backing of authority—well-known public men, or men of known standing in a particular field (Neighborhood store, neighborhood sentiment).

g. Discussion before, or enlistment of organizations in a cause that has a bearing on the goods (for example "Housewives' Leagues" on food problems, "Boy Scouts" on walking shoes, etc.).

In conclusion, it is the opinion of the best advertising experts that no habit or condition of the consumer is hopeless against the use of intelligent educational effort. It is agreed that a series of educational efforts, all from different angles, will gradually affect the sub-conscious mind of people and bring about the change, if such change is based on logic, natural evolution or sound human nature.

66. Names, Trade Mark or Slogan That Help Create Desire.—Just as men going to battle stirred up interest by cries and slogans, so to-day slogans, catchwords, trademark names, etc., play a part in making it simple for the average mind to imbibe a new idea. These slogans and

catchwords are of less value than a good name or good selling phrase.

Names or slogans should cover the following points:

a. Should preferably convey an argument for buying the article, for example, "Sweetheart (sweet heart) of the Corn," "Minute Tapioca." In many well-chosen names the argument is "felt" rather than directly uttered. For example, "Nabisco Wafers" suggest a dainty food.

b. The name should be euphonious—easy to pronounce. This point is frequently overlooked by importers, who do not change the foreign name of an article. Investigation has shown that the average consumer does not want to show her or his ignorance of a foreign language, and fearing to appear ridiculous, will prefer to ask for some other product the name of which is readily pronounced.

c. The name should suggest nothing unattractive. For example, a "deodorizing" powder proved a failure because it was named "No Smellee," a name which no self-respecting person felt inclined to utter in a drug store.

67. Development of Tendencies in the Buying Public.—Some marked successes have been won by firms who did not put any stress upon their article, but who by indirect suggestion created a public state of mind that produced a *need* for their article.

The "brighten up" campaign of a large paint manufacturer is a case in point. He generated in a number of cities and towns a greater "civic spirit" that induced citizens to put a new coat of paint on the building, so as to improve the appearance of the place. Hygienic movements have frequently created a demand for tooth powder and other toilet preparations through successfully utilizing the press and the aid of the health authorities. Tire chain sellers and automobile horn-makers have been persistent in their educational work and have combined

their efforts with automobile manufacturers for the purpose of familiarizing the public with their product.

It is of the utmost importance that a salesmanager know the resistance which his article meets, so that he may study the situation and formulate a plan. An article may have a limited market solely due to a set notion on the part of the public—a habit of mind, a custom or a prejudice. By removing this obstacle sales grow very much more rapidly and cheaply. Indirect effort to develop a new spirit or line of thought in the public mind is entirely feasible and often successful; but it is a delicate piece of work, each cause having its own peculiarities and limitations.

68. Systematic Educational Campaigns.—Education is the most powerful lever in America, and most American people respond to it readily. They have no prejudice about trying a new idea or method or article, but their attention is hard to hold long enough to make a sufficiently deep impression. Therefore, the need of constant reiteration and advertising and sales work that "teaches." The tools with which to accomplish this result are: articles written; house organs, booklets, personal demonstrations; constant advertising illustrations; example; recommendation; use by others; reasoning; appealing to the younger generation; associating pleasant and suggestive ideas with the goods, etc. If the educational work to be done is extensive it is wise to attempt only part of it at one time.

It is easier to lead the consuming public step by step than to attempt to force a radical program. Also, it is more encouraging to investors and employees to watch the acceptance of preliminary or partial ideas than to witness repeated rebuffs of the entire idea. Thus wise typewriter companies years ago made progress by urging the use of typewriters for routine work, and did not attempt immediately to fight vigorously the prejudices against

typewritten correspondence, which could not be successful until the business public gradually became accustomed to the appearance of typewritten work.

A man who sells a new idea has to educate people and overcome their timidity at paying for something new. This is often a slow and intricate process. For illustration, in selling, one official of a firm may be won over, but others in the firm may consider it a new kind of extravagance. Then the education must be carried up higher. Those who sell some new type of building construction for factories and skyscrapers, and must educate the moneyed men who are difficult to reach, have the hardest task of all, and experience proves that educational advertising in technical and general magazines and newspapers can alone accomplish the educating. Often it is advisable to use general advertising, simply to reach a very small and limited group of hard-to-reach men.

69. Service as a Means to Help Educate.—Serious mistakes have often been made by failing to realize that after educating a customer to buy, the effort is lost if experience with the purchase is annoying or unfortunate. Many new mechanical devices have failed to succeed because purchasers could not successfully operate them for every-day business requirements, and the maker offered no service to help the purchaser get adjusted and educated to the new idea. Many articles (such as a dictating machine) mean the break-up of lifelong habits, and it is a very serious sales consideration to render the educational service which will make sure that the article is understood and appreciated after it is sold. Such service sometimes needs to be followed up a year or more after purchase.

Live makers of adding machines, cash registers, etc., find it absolutely necessary to maintain a very extensive service organization and to give a service guarantee. They even

establish schools to train operators as part of the educational work of developing the market. Convenience in ordering supplies and parts and reduction to a minimum of mechanical attention required is vitally necessary. The automobile did not become popular until this had been accomplished.

Dealers, jobbers, clerks and salesmen need education quite as much as consumers, if not more so. It is a first essential that the house's salesmen, first, be "sold," then the jobbers and retailers and their salesmen. To do this, educational advertising in trade papers, in house organs, by letters, correspondence courses in selling, demonstration lectures, trips to factory, booklets, etc., are essential.

The creation of demand is a very large and difficult task and often slow and discouraging in results; but energy and brains and study are invariably successful when applied to propositions of real merit, and the educational method is aggressively used.

CHAPTER X

MEETING COMPETITION

70. House Policy as a Competition Safeguard.—Practically every business has competition to meet. The public does not like a monopoly, neither does the trade. Within the past ten or fifteen years, the sentiment about competition has undergone a decided change. Formerly competitors regarded one another as bitter enemies. There was considerable personal feeling between them. Now most wide-awake business firms belong to associations practically composed of competitors, and coöperate with each other, recognizing that competitors are necessary to help keep demand in a healthy state.

Nevertheless, in order to make a sale and hold a customer, it is necessary to convince him that your goods and your proposition are more advantageous to him than any offers of competitors.

It is now generally conceded that the fundamental methods of competition should not be left to the individual judgment of salesmen for them to apply in individual cases, but the policy should be determined by the management, worked out along definite lines and adopted as a standard.

This is particularly vital when there is little or no apparent superior merit in the goods offered. Under such circumstances an advantage may be created through a sales policy which is different from that of competitors; for example, by offering more favorable credit terms, by

emphasizing better shipping facilities, closer coöperation to help customers resell the goods, etc.

For example, a manufacturer whose goods are in popular demand, holds his old customers by strict adherence to the policy of giving their rush orders preference.

For instance, The Sunshine Biscuit Company, in competing with the National Biscuit Company, displayed competitive sagacity in not attempting to parallel the wonderful success of Uneeda Biscuit.

Instead of making a frontal attack upon this popular line, the Sunshine Company adopted the sales policy of centering its efforts upon very high-grade fancy biscuit, marketed in quarter-pound boxes. Through an aggressive campaign these goods were quickly introduced in grocery stores and thus were an entering wedge for the entire "Sunshine" line, including the 5c crackers. Imitation is never a winning method of meeting competition—unless it can be done overwhelmingly better than the competitor, as Hood's Sarsaparilla did some years ago. The competitor's sales method was taken and handled so much better that Hood's got credit for it.

As a rule, the service and accommodation which a firm renders customers are the most reliable safeguards against competition. When there is an opportunity of going to extra trouble to "help a customer out"—especially in cases where a competitor has failed—it has been found that a customer thus won is permanent as long as the house continues this policy. For this reason some firms have no hesitation in satisfying them even at an occasional loss to themselves rather than have customers turn toward competitors. The free and easy return of goods by customers is often decried as an evil; but it is a fact that a policy of making return hard does not pay.

71. **Territorial Readiness to Meet Competition.**—Territorial consideration and location form another effective

weapon against competition. Customers prefer to deal with firms conveniently located. There is a natural prejudice against firms "a long way off."

As a result, many manufacturers who cater to a nation-wide demand, find it advisable to establish branch offices or warehouses in various sections of the country. This makes it easier to supervise and cover the territory more thoroughly than is possible for the competitor. Sometimes it also affords an opportunity to work territory in which the competitor is weak.

This is one of the most effective ways of overcoming competition—to quickly entrench wherever competition is *weak,* and then after thus establishing a firm foothold with the trade, go after the competitor where he is *strong.*

This principle offers a great encouragement to the enterprising young business man, because there is no firm, no matter how large, that is uniformly strong in every part of the country.

In retailing, where success depends basically on location, the strategic advantage of it sometimes breaks or makes a store.

72. Price as a Competitive Factor.—By those who have not studied the question thoroughly, the weapon for fighting competition most effectively is generally considered to be a lower price. But this is agreed by successful business men to be an extremely fallacious and unreliable expedient, for three reasons: (1) it fatally diminishes the profit; (2) it tempts the competitor to go still lower with his price; (3) it creates no permanent trade; because the man whose order is won simply on the basis of the lower price, can be won away readily by the competitor's offer of a still greater reduction. Sometimes the price advantage is based upon freight advantages; in which case it is necessary to scientifically analyze freights

—possibly even to readjust the manufacturing or warehousing locations.

Ruinous price competition which is so often encountered spells chiefly ignorance. Many firms do not know the exact cost of their goods.

A notable instance of this kind and of an enlightened way of overcoming this sort of competition, is found in the printing trade, which is filled with firms doing part of their business at an actual loss. It has long been a well-known fact that printers do not know their costs. The Franklin Societies, a federation of printing clubs, therefore, establishes cost congresses for the benefit of their members, and introduced a system of maintaining traveling cost accountants who install cost systems in the office of any printer who wants them, on the assumption that when he knows his costs he will not underbid his competitors disastrously.

Salesmen are very prone to want to make price concessions, as they are more interested in making a sale than making a profit. They should be carefully drilled on the subject.

73. Wilful, Reckless Price Competition.—This is an old evil still much met with. It is generally called a "trade war," when profits are sacrificed in an endeavor to take business away from competitors. This makes for demoralizing the market, and has always tended to upset public faith in standard qualities and good-will. This does not affect the value of lower price when that lower price is based on greater efficiency and management. It affects only such price competition which is inadequately based on costs and margins. The scheme of "dumping" the selling of goods at or below cost in competitive markets is an extreme policy of strategy which can only be justified by the results in any given case. In principle it is unsound and inequable.

It has been found that it is not necessary to make reckless price reductions, for they can be overcome by the merit of the goods, or by the house policy, or by re-examining management efficiency.

Usually the very best method of meeting the lower price of inferior articles is to use the higher price of your goods as a sales argument. The head of a large specialty firm was told by a dealer: "If we could sell specialty goods for 20c less, I feel sure we could sell more of them." The manufacturer, knowing the pulse of the market, replied: *"If it were not for the 20c more, you could not sell our goods at all."*

74. Secret Price Concessions.—This is the hardest competition to overcome, because the competitor is working more or less in the dark, and the customers benefited by it are seldom willing to divulge the information. It can be brought to light either through tactful salesmen, or through outside investigators. The public attitude on this point is indicated by the federal laws against secret rebates; and the decisive action now taken by the Federal Trade Board against all forms of commercial bribery.

75. Meeting the Competitor's Selling Arguments.—The old school of salesmanship believed in showing the defects of competitive goods. But this policy has been found undesirable, because people do not like "knockers."

This does not mean that the selling points of competitive goods should be ignored. But the selling talk should be so engineered that the strong point of your own proposition is brought out in the mind of the prospect above the good points of your competitor's proposition.

Skilled salesmen do this without mentioning the name of the competitive firms or materials, unless the prospect specifically asks about them. In such cases the salesman can make great headway if he speaks well of his competitor. This is an evidence that he is fair-minded. The most

successful method has been to allow that the competitor's proposition is good, but prove that your own proposition is better.

Sometimes it is possible to use the talking point of the competitor as a starting point on which to build up a superior argument. For example, a certain automobile company emphasized the resiliency of their springs. The salesmen of a competitor showed that springs which are too resilient are really a mistake and that stiffer springs with deeper upholstery assure a more comfortable ride.

The salesmen or house with a strong individuality or personality will be able to overcome competition even if handicapped by less favorable selling points. The element of business friendship and good-will can swing an order in the face of otherwise adverse conditions.

The element of competition is not as harmful as generally appears at first glance. In new lines or new fields where one manufacturer alone is hardly powerful enough to create public sentiment or trade sentiment in favor of a certain line of goods, competition is distinctly helpful; it assists in the educational work. The first player piano company found the introduction of its machine very uphill work until other companies entered the field.

To imitate or parallel competitors is to acknowledge their leadership. The better plan is to strike out in a different direction. A still better plan is to assume the leadership right from the start, and to anticipate competitors in every direction as much as possible.

Above all, the *plain fear* of competition is deadly. Competitors are much more feared than facts warrant. Competition is undesirable only where sales are absolutely and hopelessly limited to a certain quantity. This, however, is seldom the case.

76. Competition for Prestige.—One of the most difficult of all business tasks, demanding advanced analysis, was

found in one investigation to be that of guiding a fairly successful business over the rocks of fierce competition, adverse conditions and sudden stress of various kinds. The one "equilibrator" for all such ups and downs is widely acknowledged to be prestige. Failure to develop or maintain this has wrecked many worthy firms.

There were found numerous firms whose goods were equally as good as those of competitors, but who could not command the same price for them. The cause was largely lack of prestige. Prestige is the sum total of popular impression about the desirable character of a firm, its goods, and business methods. It represents the *faith* of the buying public in the quality of the goods and the service and policy of the house—faith in the establishment and maintenance of its *standards.*

It will be seen from this definition that any firm of inherent merit, no matter whether large or small, can create and maintain prestige, with proper resourcefulness, even in the face of powerful competition or adverse conditions.

In the past it has generally been considered that prestige is a matter of slow growth and therefore only available to firms long established.

But modern merchandising methods now prove this to be a fallacy, as prestige is now developed by aggressive methods. Time may actually be annihilated. For example, among retailers, the United Cigar Stores; among manufacturers, the makers of Indestructo Trunks. Certain makers of automobiles have demonstrated the success of quickly developed prestige.

It has been found that the cultivation of prestige can be so engineered as to impress the public at every point of contact with the business.

77. Advertising as a Competitive Tool for Prestige.—No matter how small may be the appropriation available, the

proper *concentration* of advertising and the patient persistence at it will develop that state of mind among consumers which is favorable to prestige. If the advertising squares up with purchasing experience it becomes prestige itself, and later the name alone becomes filled with strong prestige meaning. Advertising then may become less expensive than under any other condition, and when competition and stress come, prestige can be many times more easily maintained. It has frequently been said that $3,000,000 worth of advertising for a soap could not make a dent in the prestige of Ivory Soap. From this it will be seen how advertising in time builds an almost impregnable fortress of prestige.

It has been the history of most successful firms that have rapidly progressed that they started in with very modest but persistent advertising appropriations, which grew with the business. It is said of John Wanamaker and Cyrus Curtis (of the Curtis Publishing Company), that they got their start by spending almost their last dollar for advertising.

78. Organization as Competitive Protection.—It will usually be found that small competitors, discovering wherein the organization of large competitors are weak, have deliberately strengthened their own organizations, particularly along these weak points, and have little difficulty in maintaining their position.

The term "organization" as used here applies to the entire distributing organization, including dealers and jobbers. There is a tendency on the part of large firms to be more or less autocratic with the trade. This offers the very opportunity for smaller competitors to enlist more successfully the good-will of the trade, and its coöperation.

It was largely due to this principle that the Hot Point Electric Company, an obscure little manufacturing busi-

ness on the Pacific Coast, was successful in establishing a large demand for its electric household goods in competition with the giant electric corporations of the country.

There are many other examples where a small but highly efficient organization has routed a larger one. Sometimes a firm's prestige is really built upon simply the public general feeling that its organization is superior. After all, since what most purchasers buy is the prestige or service which goes with an article itself, it is natural that the organization behind the article should be given the chief credit.

Prestige cannot be maintained against the entire current of public opinion and unstemmable drift of tendencies. The only way left to maintain prestige under such circumstances is to change with the times; to key up an organization to meet and conquer a situation; to train it to render the consumer a degree of service not enjoyed before and set standards which are ahead rather than behind the times.

Inasmuch as prestige hinges upon such things as leadership, favorable public impression, service, organization should direct itself to everything that can have a bearing upon making a friend and giving people an excuse to talk about you. Alert business men are keen to seize an opportunity to place a possible customer under an obligation; to appear a little different from other houses in a favorable way (even in small matters); and to make it a point not to let one customer remain unsatisfied.

Prestige is a form of *business momentum*, fostered by a live and highly-trained organization, and has carried along many a house which fortunately possessed it over a period during which firms without prestige would have failed. It is the intangible goal toward the achievement of which all modern live business men give their most careful advanced thought.

CHAPTER XI

SPLITTING UP SALES TERRITORY AND SETTING QUOTAS

79. The Logic of Carefully Split Territory.—Good shooting requires clearly marked targets. And alert sales campaigning likewise requires the object of attack, the territory to be not only clearly marked off, but analyzed, compared and ticketed with a ratio of logical expectation, in keeping with the particular kind, size and condition of such territory.

Small wonder, then, that the matter of territory is constantly bothering salesmanagers. Some salesmanagers have an old-fashioned inclination to dismiss the matter rather lightly with the old saw, "It's always the man and not the territory."

But we have gone a long way in salesmanagement from the easy-going notion that selling is little else but a matter of a wizard salesman, and that the thing to do is to key up all salesmen to be wizards at selling. We are ready to put the territory under the microscope and learn not only how to make that territory produce more, but how to do more level justice to salesmen, whose record usually varies in different territories quite as much because of territory reasons as because of difference in sales ability.

The purposes of scientifically districting sales territory are:

a. To cover it in an organized way.

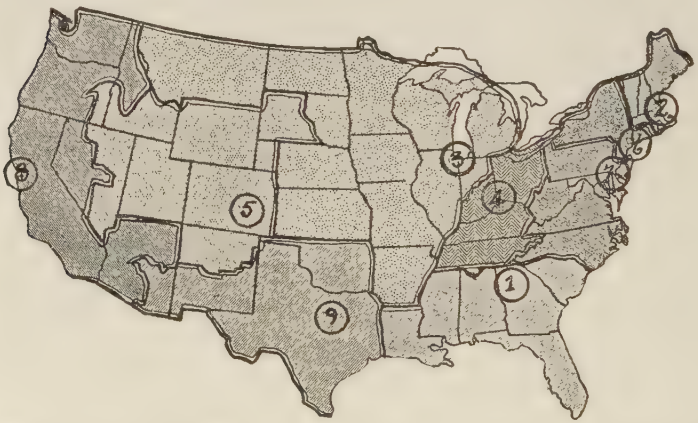
b. To make exact comparisons with other territories.

c. To equalize, as far as possible, the opportunities and compensations of the salesmen.

d. To meet competition most effectively.

Common fatal errors are (1) assigning a salesman too much territory; (2) having salesmen criss-crossing each other's territory because of "personal" customers; (3) working territory spasmodically and spottily.

80. Best Lines on Which to Split Territory.—The old-fashioned way of dividing sales territory was roughly by *states*. Progressive firms have found this to be unsatisfactory because, as a rule, a state is a section of a country, formed years ago on an arbitrary basis which has no bearing whatever on the sales situation.



STANDARD SALES DISTRICTS COVERING THE UNITED STATES IN NINE LOGICAL SALES DISTRICTS

It is conceded by the firms which have tried it, that a *county* forms a much more satisfactory territorial unit, because, by means of its boundaries, territories can be laid out to fit conditions. At the same time it is the smallest section of the country for which census figures are readily available. The same principle holds true of any smaller sales field, even if the units used be townships. A small unit is best.

Even though there are decidedly different types of sales

organization and plans of selling, the unit of territory, whether it needs to be small or large, may still quite logically divide on county lines.

81. How Much Territory Can a Salesman Cover?—Territory is of no value unless it is *worked* actively. A salesman can average in cities from 6 to 14 calls per day (although in the grocery trade, well organized work of a routine nature may make possible an average of 40 or 50 calls in the large cities). In towns of less than 25,000 population, the general average (east of the Mississippi) is 3 to 5 calls per day throughout the year. The traveling conditions West of the Mississippi are of such a character that it is impossible to gather authentic figures, applying equally to all sections. These facts are essential to know in avoiding giving a salesman too much to do, which ends in his neglecting part of the trade.

The only proper basis for dividing territory into sales districts is *transportation facilities;* that is, railway lines must be followed. Everything must hinge on this consideration; but, of course, population or number of prospects is the immediate next deciding factor. These two considerations may result in the marking off of what looks like a large and irregular shaped territory, but it may have just the right number of prospects and the best traveling connections for efficiency.

Herewith is shown a standard sales district map, as developed by careful study. It fits almost any national concern which does not have a large number of prospects to call upon in a territory, or which operates on a branch basis.

To intelligently prepare a sales district split, there will be needed, in addition to railway maps and data, consumer or dealer information, and the number and location of customers or prospects. The more customers there are in a given territory, the smaller should be the area of terri-

tory per salesman, so that the trade can be covered effectively.

82. Territory Analyzed on a Consumer Basis.—For an article sold to the general public the only basis for estimating the proper dividing lines of a sales district is the total number of ultimate consumers. But whether an article is sold to the general public or not, the number of consumers, whoever or whatever kind they are, constitute the primary statistical basis of comparison.

The net population, or *net prospects,* must be secured by eliminating all the unavailable inaccessible population according to the best estimates that can be secured. Only those who can be reached and who might possibly be persuaded to buy constitute the net.

The "inaccessible" population means the population which cannot be reached by rail or is too expensive to reach for practical purposes.

83. Jobbing Centers and Their Relation to Sales Territory.—Although jobbing centers are themselves determined by the railway situation, it is a matter of freight rates rather than passenger convenience; therefore some differences of importance in logical centers of territory will disclose themselves.

The cities which are located in strategic points considering transportation facilities and the influx of trade from the surrounding counties or states, making them national jobbing centers are:

Boston	Philadelphia	Cincinnati
Pittsburgh	New Orleans	St. Paul
Savannah	Milwaukee	Los Angeles
Louisville	Portland	Buffalo
Seattle	San Francisco	Atlanta
Kansas City	Chicago	St. Louis
New York City	Baltimore	Duluth

Such jobbing cities may logically be chosen in preference to others as territorial centers, if other considerations are equal.

84. Territory as Related to Routes of Freight Transport.—Although not vital, it is sometimes valuable to give consideration to proposed sales district territory, as related to the center of production or point from which distribution is made. Is it a point from which, or to which, prompt shipment may be made? If, because of natural conditions, mountains, rivers, etc., it is a quicker road to the counties of Richmond, Lancaster and Northumberland, Va., from Washington by auto, it is useless to put those counties in a Washington, D. C., or Fredericksburg, Va., territory, when the quickest and most economical way to deliver is by boat from Baltimore.

The attention of a concern was once called to another instance of this. Shipments were being made by railroad in New York, lightered to some Jersey point, thence railroaded to destination, whereas, if the shipper had studied his maps, he would have found that the factory and shipping point were in a straight line of travel and that an auto truck would deliver at less expense and with greater dispatch at a distance of 15 miles. Considerations like these affect territorial lines and are profitable to take into account.

85. Special Conditions of Big City Territory.—Large centers such as New York and Chicago constitute a territory by themselves, which need to be subdivided on the same principles as a state, using wards or streets for boundaries.

Metropolitan territory is always by far the most difficult to handle unless it is well organized and subdivided. A shoe manufacturer who had a careful analysis made of the New York district, had prepared a large elaborate map on which location of prospects with their consumption possibilities were indicated by different colored pins.

Rigid territorial lines were then designed, to displace the chaotic condition which had prevailed, in which salesmen, because of personal acquaintances in the trade, were calling on customers in all sections of the city—each salesman "criss-crossing" the entire territory. Great economy resulted from the change, and of course greater sales. This is a danger peculiar to large city markets.

Frequently the enormity and complexity of big city markets like New York or Chicago scare away many who should be doing a thriving business. There are many nationally known and nationally advertised articles which are not kept in stock by a single New York or Chicago or Boston dealer. The reason is fear and lack of facilities or courage to make the detailed analysis necessary.

A big city market should always first be divided into natural zones graded according to classes of prospects, volume or type of trade, average house rentals, etc., and then concentrated upon with a selling plan. If autos or trucks are to be part of the sales plan it is important to cut the territory on a basis of auto routes as well.

In fact, zones in big cities will largely depend on rapidity of call and delivery of goods. This is determined by what competitors do and what the trade expects.

In a few large cities, a daily paper has canvassed the city, making commercial surveys (as did the *New York Globe* and the *Chicago Tribune*). The work gives the names and addresses of practically every retailer and estimates the buying power of each section. From this information, salesmen can be routed and from previous experience as to possible calls in a day and a glance at these splendid maps, a very fair territory can be assigned. In some of the medium-sized cities, wholesale concerns and Chambers of Commerce have compiled similar information, so that route lists of retailers can be purchased. For instance, Columbus, Ohio, is divided into four sections, trol-

ley traffic determining the division, and the dealers so listed that even a green man can peg his way around efficiently.

86. Territorial Sales Organizations.—District sales organizations requiring many salesmen are best built up by giving district managers who are on commission a free hand to build up sales, the men called "juniors" directly under them being required to observe the standard rules of the house. Where not over 100 salesmen are required to work the field, "direct routing" from the home office is best, in order to keep all salesmen up to strict and uniform standard, and to line up the work to the headquarters standard.

When there are many men under district salesmanagers it is necessary to organize the territory and route it for traveling lecturers, sales conventions, etc., to keep the organization at high pitch. Territorial sales organizations are in constant need of expert attention from headquarters.

The cutting up of sub-territory in a branch by the branch manager should have the careful review of the headquarters staff, as many serious errors are made and bickerings started. The cutting down of a salesman's territory is always a delicate operation, more delicate than adding to it.

The same principles of splitting up general territory apply in miniature to splitting up branch territory. A salesman should be granted the right of appeal to headquarters on any mention of trouble over territory assignments.

87. An Efficient Layout of National Sales Districts.—It is an excellent idea, in efficient sales district planning, to take the plan in use by some general national selling concern and contrast it against an individual case. The author, therefore, presents here one of the most systematic sales district layouts he has found, that of a big electrical

house that sells to both retailers and large individual consumers, and also advertises extensively to the public.

The map on page 112 shows how it has districted its sales organization. While No. 3 seems a bit large in proportion, it is only so in traveling distances, and is well laid out from a railroad point of view, as well as from other points of view.

The following is a table showing sales district head offices, and district areas, population and density. Another table shows the subdivisions by boundary lines and counties.

	District	Population in 1910 Census	Land area Sq. miles	Population per sq. mile
1	Atlanta	10,422,786	285,613	3.645
2	Boston	5,603,998	58,739	95.41
3	Chicago	25,028,562	836,215	29.93
4	Cincinnati	10,979,461	146,576	14.89
5	Denver	1,950,857	501,122	3.89
6	New York	12,158,393	54,686	222.33
7	Philadelphia	15,585,263	174,463	89.33
8	Pacific Coast	4,490,096	499,275	8.99
9	Texas	5,752,850	413,335	13.92

88. The Districts and Their Boundaries and Natural Centers.

ATLANTA—S. Carolina, Georgia (Except the Counties of Whitfield, Catoosa, Walker and Dade); Florida, Alabama, Mississippi, Louisiana.

BOSTON—Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut (Counties of Tolland, Windham and New London).

CHICAGO—Indiana (Except the Counties of Adams, Wells, Grant, Howard, Clinton, Montgomery, Parke, Vigo and the territory south thereof); Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, Arkansas, Kansas, Nebraska (East of the 102d Meridian); South Dakota (East of Missouri River); North Dakota, Montana.

CINCINNATI—Ohio (Except the Counties of Mahoning, Columbiana, Jefferson, Belmont and Monroe); Kentucky, Tennessee, North Carolina (Counties of Cherokee, Clay, Graham, Macon, Swain, Jackson, Transylvania and Haywood); In-

diana (Counties of Adams, Wells, Grant, Howard, Clinton, Montgomery, Parke, Vigo and the territory south thereof); Virginia (Counties of Lee, Scott and Wise); Georgia (Counties of Whitfield, Catoosa, Walker and Dade).

DENVER—Colorado, New Mexico (Except the Counties of Socorro, Lincoln, Chaves, Roosevelt and Curry and all territory south thereof); Utah, Wyoming, South Dakota (West of Missouri River); Idaho (Counties of Adams, Boise, Custer, Lemhi, Fremont and all territory south thereof); Nebraska (West of the 102d Meridian); Nevada (Counties of Elko, Eureka, White Pine, Lincoln and Clark).

NEW YORK—New York, New Jersey (Counties of Mercer and Monmouth and the territory north thereof); Connecticut (Counties of Hartford, Litchfield, Fairfield, New Haven and Middlesex); Pennsylvania (Erie County only).

PHILADELPHIA—New Jersey (Except the Counties of Mercer and Monmouth, and the territory north thereof); Pennsylvania (Except Erie County); Ohio (Counties of Mahoning, Columbiana, Jefferson, Belmont and Monroe); West Virginia, Maryland, Delaware, District of Columbia, Virginia (Except the Counties of Lee, Scott and Wise); North Carolina (Except the Counties of Cherokee, Clay, Graham, Macon, Swain, Jackson, Transylvania and Haywood).

PACIFIC COAST—California, Arizona (Except Counties of Santa Cruz, Cochise, Graham and Gila); Nevada (Except Counties of Elko, Eureka, White Pine, Lincoln and Clark); Idaho (Except the Counties of Adams, Boise, Custer, Lemhi, Fremont and all territory south thereof); Oregon, Washington, Alaska, Hawaiian Islands.

TEXAS—Oklahoma, Arizona (Counties of Santa Cruz, Cochise, Graham and Gila); New Mexico (Counties of Socorro, Lincoln, Chaves, Roosevelt and Curry and all territory south thereof).

89. Data Needed Concerning Sales Districts.—The data concerning each sales district which may profitably be kept for standard comparison is as follows:

a. Total and per capita consumption—by individual products, by grades of towns, etc.

b. Total and net population—divided by classes, wealth, income, occupation, rating, etc.

c. Consumers—divided by classes, by volume, character, products bought, activity, credit, etc.

d. Prospects divided by classes—former customers, interested, possibles, "hard shells," almost hopeless, black list.

e. Sales records for each of above separate divisions, uniformity for all districts.

f. Sales records of each individual salesman—traveling expense percentage, sales, average efficiency of call, length of jumps, etc.

g. Number of dealers and prospects per 1,000 of population and per square mile and per mile of railway required to travel.

h. Maximum sales per annum of individual dealers or customers; minimum and average sales. Also average size of order, frequency of order and variety of stock carried, complaints, cessations, failures, credits, ratings, cancellations, returns, etc.

i. Percentage of distribution—of dealers in each line of trade handling the goods.

j. Competition figures for as many of above items as possible.

k. Quota figures and percentages based on above factors.

l. Data concerning jobber, or distributing situations for comparison.

90. Reduction of Sales Territory.—As a general thing, most sales territories are too large. It has been a long-standing fault of most sales organizations that they have attempted to cover too much ground. This has naturally increased sales expense. A salesman selling $100,000 worth of goods in a territory may be operating in a $200,000 a year territory, if only it was split in two and all possible customers canvassed. No territory that is not thoroughly *worked* is really "covered." Instances are plentiful of territory cut in half 3 or 4 times, with the result that each

time the territory gets smaller the sales increase—and of course the expenses also relatively decrease.

The volume of possible business in a territory is the guiding factor as to natural limits of territory. As a general rule a salesman should have only as much territory as will provide about twice his present sales if logical prospects of immediate sales are considered. Care needs to be taken in splitting territory to follow logical travel routes and make a generally equitable subdivision.

It frequently happens that territorial rights are sold, and after the article is developed this territory is neglected and not worked intensively. It is not very good business to continue such contracts—they are millstones; the territory should be cut up and aggressively worked.

91. Applying the Per Capita Measure.—Volume of business is for nearly all merchandise of fairly general consumption, in very close ratio to population. Therefore, it is of the highest stimulative as well as statistical value to establish special per capita measures for cities and towns of certain sizes and grades.

A standard line-up of classes of towns by sizes may be drawn up; cities of 300,000 and over; cities of 100,000 and over; cities of 50,000 to 100,000; cities of 25,000 to 50,000; towns of 10 to 25,000—all the way down to towns of 1,000 to 2,500 population. A clear picture is made by using a system form giving the total number of towns, the total population, the number of towns sold, total population of towns sold, and net amount sold per capita, population sold and possible sales total at some rate per capita. At the bottom of the table there may be shown a study of assortments carried—a study of what is the average quota which the dealer of a certain size in a certain town should carry. Such an analysis makes comparisons and thereby exposes the weak spots. We then have a measure of what volume ought to be sold in any town of a certain size.

Having this we can use it upon salesman and dealer alike. It works this way:—the salesman goes into Podunk to a dealer there: "Mr. Jones, your sales in this town are just about 25 per cent of what the towns of your size are doing. The towns of your size all around you and in other States are doing four times the amount of business you are doing." You show him the figures to prove it, and say, "I would like information as to whether you think this town is worse than the average."

Very few dealers will maintain that their town is worse than others. It is a strong selling point to show him what other towns of the same size in other parts of the country do. The information (based on actual fact) that there is no difference beyond 10 per cent variation in any town of any similar size in any sales proposition sold to the general public, is both interesting and stimulating to him.

It is also valuable to make a recapitulation by States of per capita sales in a certain grade of towns. Another table may deal with all the grades of towns in one State. At the top this form may show the general percentage of the towns in this group sold and of the population sold. (See system form illustrated herewith.)

92. Fitting the Territory to the Salesman.—A jobbing salesman's territory can cover a space with enormous population, while a salesman selling retail stores would have a territory in a city largely determined by population, for population governs the number of retail stores in a given community.

A salesman who makes a success of one territory may fail in another. It is not so often the fault of the salesman that he does not succeed as it is the fault of the man who allotted him the wrong place. A smart, intelligent, well-bred man made a failure of a Hebrew section of Chelsea, Mass., but he is now a howling success in Boston Back Bay, where the environment suits his nature. The

enthusiastic type of mind may be at a disadvantage in a field where the cold, calculating buyer is found. Territory may best be allotted to the man where the line of thought is similar to his own. A Western man may lose his confidence in himself endeavoring to sell in a conservative Eastern State.

A man accustomed to the mentality of men in big concerns cannot easily get the attitude of the small tradesman, and vice versa. In the food products line, it has been shown that a type of mind such as one finds in an aggressive grocery clerk, arrives at a quick understanding with the man who runs the small grocery store; whereas other types, accustomed to deal with more intelligence, does not make a hit with the commoner types of retailers.

Acquaintanceship is a factor which often comes up for attention—should it be counted in allotting territory? One concern in marketing a certain competitive article followed this procedure: men acquainted with the trade were secured and allowed to go where they pleased. After a definite period territories were laid out to include the greatest number of accounts possible, secured by these men.

It is better, however, to fit the salesman to the class of prospects he knows without compelling him to scatter his efforts over a wide area. To do this requires full information, not only of facts concerning the territory, but the kind of people in the territory and the degree of resistance to be encountered. A salesman transferred from territory where sales have been established to a territory where the entire proposition is new, and where it is indifferently received, ofttimes is irreparably harmed—his confidence in himself or his goods is given too great a jar.

CHAPTER XII

THE SELECTION OF SALESMEN

93. Why Salesmen Are Difficult to Select.—Few subjects have interested and puzzled salesmanagers as much as the picking of good salesmen. Many salesmanagers have developed superstitions and rules of thumb on the subject; others have given considerable credence to alleged sciences, such as phrenology, etc.

The difficulty is, of course, that a good salesman must nearly always sell intangible considerations; must appeal to imagination and must day after day pit himself vigorously against powerful opposing forces. Such work calls for intangible (and therefore invisible) qualities in salesmen, which can only be detected by a considerable degree of probing. There are simple-minded types of people who imagine that externals indicate a salesmen, but no greater mistake can be made. The selection of a good salesman is so uncertain a matter that many experienced salesmanagers frankly admit it is a gamble, and others rely chiefly on the intensity of desire of the applicant to be a salesmen (even if, as in one actual case, he is a street car conductor).

Nevertheless, there persists a feeling, based on experience, that a good judge of human nature, as a salesmanager is always presumed to be, can size up a man and by semi-mysterious ability or clairvoyance, pick the man who has real salesmanship material in him. Many salesmanagers regard such an ability as perhaps their chief stock-in-trade.

But it is a very serious question whether the most ex-

perienced judges of human nature can get very far in selecting men by personal size-up alone. Salesmen are trained to "put up a front" and the bitter truth is that large numbers of mere floaters and dishonest men get on the payrolls of salesmanagers for drawing accounts from a number of firms all at one time. They look and talk like good salesmen, but are crooks. Many of the very best salesmen make a poor first impression and are strangely self-conscious in an interview over a job. Ability to sell merchandise is ofttimes in inverse ratio to ability to sell himself.

It must be admitted, therefore, that selecting salesmen is one of the most unsatisfactory phases of salesmanagement at the present time; there is little reliable knowledge to go by.

94. Can Salesmen Be Picked from Appearance?—First impressions about sales applicants are everywhere agreed to be dangerous. Hugh Chalmers made it a rule never to hire a man during a first interview. But what judgments, if any, are proper to make of a man who sits before you?

Phrenology, contrary to the belief of some, can offer very little help. At best, physical characteristics offer suggestions but not facts about a man. Most of the qualities that make real salesmen are far from anything physical. It is true that all men instinctively admire a good physique, a graceful physique; and it is even true that there is something confidence-inspiring in mere size, when not marred by other typical characteristics of men of large size, such as slovenliness and lackadaisical attitude.

But as for "tell-tale" charactertistics in facial formation or other externalities, they are extremely likely to be misleading, beyond very simple limits. Moreover, a salesmanager is usually prejudiced in his idea of appearances by his own appearance. In Detroit a test of a group of salesmanagers showed that there was practically no uni-

formity among salesmanagers in their ratings of the same men. Their intuitions were all personal and individual to them. One salesmanager would rate a man 3, another 13 and another 57.

One firm overcomes this by having a standard rating form, and five instead of one executive interview a man, and the average of their ratings are accepted as the real one. But is even this conclusive? Few salesmen could face a "jury of five" and register their true selves.

As to the claims made for detection of certain qualities by certain facial or other characteristics, certain facts, it is true, may be ascertained, but their value after being ascertained is conditioned by so many other facts that they can only be called contributory facts after all. For instance, a thick neck and large nostrils are known medically to denote more than usual vitality. But such matters of popular supposition such as squareness of jaw, highness of forehead, shape or contour of head, or shape of nose offer no reliable information whatever which has stood authoritative test. The only judgments valid to make about a man's physique are on matters of physique. It is the attempt to *read mental meanings* into physical characteristics that is unwarranted.

The real values to be secured from judgment by appearance are not so much from the applicant's body as from his mind and spirit as they evidence themselves in conversation and general personality. It is here that knowledge of human nature shows in judging a man's aggressiveness, his prevailing moods and temperament, his characteristic attitude, his quality of reasoning, his education, environment, dominating ideas or principles, his moral values, etc. All these things have very important bearing on selling, and can only be accurately judged from the man himself; but certainly not from his mere physical appearance.

95. The Use of Application Forms.—A number of very elaborate application forms for salesmen have been devised. All have good points to them, for certainly almost any information about a man may help in judging him. But there is a decided danger in the use of application forms. They are self-rating forms—filled in by the applicant, and must be discounted in many respects because no man can accurately or honestly rate himself.

Application forms should never ask for anything but specific fact answers; never judgments of self.

96. Need for Applying Scientific Test to Applicants.—Because of the fact that there are many fairly adequate standards for testing men in many other vocations, it has naturally been expected that the application of science to the selection of salesmen would also yield results. A group of large concerns have endowed a special department in the Carnegie Institute of Technology at Pittsburgh, with Professor Walter Dill Scott at the head, to work out possible scientific methods for such selection. This Professor Scott himself realizes is a long and laborious process. Nevertheless, Professor Scott has done some interesting work already along this line, utilizing the sales forces of a number of prominent concerns. Other experimenters and psychologists are also at work on this project, and in the course of time no doubt something valuable will come forth. Professor Scott did unmistakably demonstrate in his test with a great tobacco house and their salesmen that there is a correlation between the judgment of the salesmanager and the results of a scientific test. It was a high ratio, and certainly speaks well for the conservative application of some form of scientific test. Professor Scott was wise enough not to use any arbitrary standard for judgment, but endeavored to secure some measure of native ability by the use of intelligent tests of a general sort which gave a clue to such native ability.

The success in the high correlation of these tests with practical judgment would indicate that the native ability of a man, his quickness, his general intelligence, his judgment, his knowledge is of considerable more importance than any so-called salesmanship science or special rule of thumb formula for making a success at selling.

It would appear that it will soon be possible to list a group of native qualities which a salesman needs to have, and even to give some measure of that quality which he needs to have as a minimum in order to stand a chance of succeeding as a salesman. Once such a test is developed and it stands the rough-and-tumble usage of ordinary practice, it will be a great boon, alike to salesmen. Much waste of energy and feeling comes as a result of men who can never hope to sell with their present equipment of native quality, trying to make salesmen out of themselves, or of salesmanagers who for pride and stubbornness' sake waste their energy trying to make salesmen of men who should not be asked to waste their time on it.

One salesmanager has devised a homely but practical way of rating men, according to plus-minus qualities. He analyzes each man according to the specific qualities here outlined, and marks alongside of each one a figure. The qualities used are as follows:

Plus Qualities	*Minus Qualities*
agreeable	bad-tempered
dignified	grouchy
loyal	intemperate
willing	variable
trustworthy	easily discouraged
well poised	jealous
fine in appearance	sensitive
broad-visioned	treacherous

Plus Qualities	*Minus Qualities*
energetic	lacking in spirit
strong of personality	egotistic
persistent	lazy
regardful of discipline	unambitious

He marks the man up to 10 for each one of the plus or minus qualities; and then subtracts from the plus total the total minus qualities. This process accurately establishes a coördinate figure representing general desirability from both a plus and minus point of view.

The plan is, like all judgment plans, open to error, but in the absence of a better plan is systematic.

97. Principal Native Qualities Generally Agreed to be Essential for Salesmen.—At the present time in the absence of any more accurate means of picking salesmen, the consensus of experience and opinion favors a cautious intuitive judgment of a candidate. This judgment must be a thoroughly sympathetic yet hard-headed judgment, without having been swayed by any tricks of personality or personal bias. It must be a judgment cool enough to see that the best salesman of the year may lurk behind an untidy and even an antagonizing exterior personality. It must be a judgment clear enough to detect the signs of false values, fatal weaknesses and latent possibilities; yet deliberate enough not to be too easily affected by first impressions.

The nearest approach to system possible by this intuitive method is to set down the principal native qualities agreed to be essential in selling—the qualities which some men seem born with and others deliberately acquire by cultivation.

1. Stamina, staying power, stubborn persistence; unwillingness or inability to acknowledge or even recognize defeat.

2. Persuasive force; physical magnetism or patient facility in affecting the ideas and opinions of others.

3. Unusual energy and ambition to succeed in selling; restless dynamic power and punch in following up sales work; desire to make a good income at selling.

4. Quickness and adaptability; sociability; diplomacy; readiness to adjust to surroundings and to different temperaments.

5. Alertness and perception; ready absorption of information; intelligent grasp of a situation; versatility; soldier-like discipline and *esprit de corps* in following a leader.

Any man with a fair share of the qualities enumerated above can sell goods—not any or all kinds of goods, nor in any or all territories perhaps, but the qualities listed are the solid ground underneath any selling ability. Some salesmen, when analyzed, will be found to have only a few of these qualities, but these few exceptionally well developed; while others will have a more even distribution. An excellent plan is to rate applicants for these five sets of qualities on a percentage scale; a maximum of 20 points to each set, or a total of 100 possible points for all five. If special conditions for selling of a certain article make one or more of these qualities more important than others, they can be "weighted" by allowing 25 or 30 points instead of 20, deducting correspondingly from the others.

It must not be forgotten that even when done by a master analysist, an intuitive judgment of men on these points is certain to be imperfect. Therefore the utmost clear-eyed judgment and care should be exercised in rating men, since it means so much both for the man and the employer not to make a mistake. The typical fault of any intuitional judgment is the easy swiftness with which it is usually made and the stubborn cocksureness with which it is usually clung to. The best safeguard against

this is to have two or three executives, preferably of opposite temperaments, rate the applicants, and then merge the results. The rating should never under any circumstances be done at a first interview, and should preferably be in informal surroundings.

98. "Star" Salesmen versus Average Salesmen.—The conviction has slowly dawned on salesmanagers after years of experience that the hopeful searching for "star" salesmen is a superstitious error; that not only are "star" salesmen (in the sense of super-brilliant performers) a doubtful asset, but that they take attention away from the rank and file, and discourage the all-important average man. A great mistake very common among salesmanagers in the past has been the affectionate coddling of a small group of star men, and the shaping of all rules, plans and efforts on the assumption that all salesmen were or should be like the so-called star men. Nothing could be a more costly sales fallacy. It has well been said that the most important job of the salesmanager is to develop "the tailenders."

The salesmanager habitually looking over applicants for a star salesman invariably commits two errors (1) of overlooking the valuable average man; (2) of being either too credulous or too critical of the material which comes before him. He is under the handicap of trying to fit a suit of clothes built for Apollo upon the average run of men, with the result either that he puts the clothes on a man whom they don't fit and makes himself believe they fit, or else he never finds any one whom they will fit.

It is upon average salesmen whom ninety-nine one-hundredths of the selling of the business world must depend. The "star" salesman who is making big sales may usually be explained either by some special advantage or by methods and helps which if operated by average salesmen would make "star" men of them, too. The true-to-

type, bona-fide "star" salesman is as a rule a highly individual, emotionally keyed-up man with a temperament which brooks little or no discipline, is no team-worker, is vain and jealous. He rarely stays long with one proposition, and works only in spurts. He is not a good man, as a rule, to introduce into a sales force; not infrequently he operates by questionable methods the full details of which he regards as his secret capital stock in trade, and which are boomerangs.

The nearer to the "norm," or average, a man is the more promise he offers and the less chance of failure or friction. Mediocrity is only undesirable in salesmen over 35 years of age when it has become a habit.

99. Preference for Young "Green" Material.—A surprisingly large percentage of salesmanagers have a distinct preference for "green" material, usually in the shape of young college men. The reason for this common preference is simple:—it is a salesmanager's "easiest way." Instead of the diplomacy and partial self-effacement called for in the handling of salesmen of mature years and some experience, a salesmanager has little trouble in stamping his own ideas upon the pliable minds of very young men. The more vanity or egotism or laziness of mind he has the more surely does he prefer this method. It surrounds him with a crowd of young hero worshipers before whom he can strut and whose every word will be listened to religiously. There is no difficulty in such a method of handling a group of differing personalities—young men can be herded and trained and managed as a crowd. They have just come from a place (school) where the crowd method of handling them was in operation. They are used to it.

But while this method has a fair measure of success to its credit, it has many grave defects. The most serious is the effect on the salesmanager himself. He is tempted

to "schoolmaster" his salesmen and deaden their initiative so that they always wait upon him for their inspiration, ideas and energy.

Moreover, a salesmanager who has a chronic preference for young, green material frequently limits his own sales volume. He tries to fit his own conception of salesmanship ready-made upon every one of the men, with a result that it does not fit the characters of the men, and he never secures the variety of appeal and approach which would logically come from a sales-force more varied and individual, which he could shift about to fit the equally varied conditions of the field.

From the standpoint of the firm such a policy is especially bad, as it encourages a purely personal basis between salesmen and salesmanager which destroys a large part of the efficiency of the force if the salesmanager is changed. There are cases where such young salesmen cannot sell unless their particular salesmanager is guiding them.

There is no basic objection to young green material, if it is not made a mere obstinate rule. There is no doubt of the greater adaptability of young men; of their greater ease of management, and quicker response to stimulation. But it must always be remembered that they correspondingly become more easily and rapidly discouraged, and have less weight and influence in counsel with retailers or customers than men of more substantial and mature individuality. Young men may have more "zip," and "go over the top" with more careless courage than older men, but they always need their stimulators very close by while they do so. In selling the salesman is nearly always out grappling alone with obstacles, and in the long run under such conditions it is the mature individuality which grapples best. Any selection of young green mate-

rial should be for the purpose of as swiftly as possible making it self-sustaining and thoroughly individual.

As for the preference of some salesmanagers for "green" salesmen (not young, but who have never sold the line before), this is a moot question. The claim is made that salesmen gather prejudices and set notions as they work at a line, and it is hard if not impossible for them to unlearn these notions. The obvious logical answer is that the matter hinges not upon the question of a rule to prefer green material, but upon the question of the individual candidate's attitude toward his experience and to himself.

100. Selecting Salesmen Who Can Sell Policies as Well as Merchandise.—There is a new and vital factor arising in the selection of salesmen. Salesmen formerly were selected for ability to sell merchandise—concrete, physical merchandise. But salesmanship to fit modern needs and conditions has greatly changed in its requirements from salesmen. The modern selling proposition is often 40% merchandise and 60% service, prestige and psychology. In other words, the typical sale is not wood, steel or paper, but service, satisfaction, re-orders, turnover, demand, advertising, and the reputation of the house. Indeed some firms (to name an example, Hart, Schaffner & Marx, deliberately instruct their salesmen to take largely for granted the tangible merits of the merchandise and to sell instead the above-mentioned intangible values. It is necessary to do so in many cases because dealers themselves are getting wise to the fact that merchandise in itself is not the important thing to buy; that they must buy salability, advertising support, steady customer development and turnover opportunity.

Most live houses to-day are requiring that their salesmen devote at least one-half or two-thirds of their canvass to the selling of these intangible values—the advertising

of the house, its policies, its idea of service, the service which the article gives to the consumer, etc.

Now, there is a very decided difference between the selling of intangible things and tangible things. A manual type of character—that is, a man with the instinct for mechanics and concrete things—and who lacks imagination, versatility and mental outlook and the ability to think abstractly, is at a very decided disadvantage in the selling of intangible merchandise. A man who can sell drill-presses, for instance, is usually a mighty poor hand at selling a set of books. A set of books represents only a heap of paper—valueless, unless the imagination of the prospect is built up to a point where he will appreciate *the abstract ideas* which are contained in that set of books. Consequently, the successful book salesmen must have in a high degree the ability to sell intangible values. There are such book salesmen who never even show the books to the prospect and sell the stuff merely by their talk. This is selling intangible values with a vengeance!

A large agricultural concern in the West so much appreciates this factor of ability to sell intangible values in salesmen that they have actually selected for salesmen in preference to agricultural men, men who have sold advertising space, on the practical theory that as their salesmen are obliged to sell a great deal of the house's advertising and to talk both the house's national advertising and the dealer's own retail advertising, that they *simply had to have men who understood the subject* and who could sell it. This firm had floundered around for years with the old type of agricultural implement salesman who knew mechanics from A to Z and who did not seem to "get over" in competition with other live concerns. They woke up finally to the fact that they were not really selling steel and wood, but were actually selling service, advertising coöperation to the retailer, etc.—a type of merchandise

with which their salesmen were not at all familiar or adapted by nature and capability of selling. Endeavors to train them to sell this kind of merchandise were unsuccessful, and these old-timers were finally eliminated, and modern men who understood how to sell intangible values were put in their places with decided success.

The average salesman who sells a dealer, sells a line of goods which averages only from ½ of 1 to 5% the total volume of that dealer's business. It can readily be imagined then that an up-to-date dealer cannot give very much of his time to a salesman selling a mere fraction of his total volume. He has bigger things to think about, and unless that salesman can think about those things with him, and talk in terms of one hundred per cent of his selling problems instead of one-half of one per cent, the salesman is bound in the average to get scant attention. The salesman, on the other hand, who talks the whole one hundred per cent is the really welcome man there, and consequently general broad business ability and helpfulness are superseding in importance the mere technical knowledge of the salesman of his goods. It matters much less than it ever did before whether a salesman knows the intricate details of his product in a technical way; but it matters a tremendous lot that he is able to sit down with a merchant and discuss the real things that dealer is interested in, whether with regard to his particular line of merchandise or his whole business problem.

101. Selecting Salesmen to Fit Type of Men They Will Sell to.—A salesman's requirements are best judged by the type of mind which he is going to be asked to encounter. Salesmen who will be required to sell to grocers or restaurants need not be of the same grade of intelligence as if they were to sell to druggists or hardware dealers; while selling to jewelers or to department stores is a wholly different proposition.

The measure of the type of mind he is going to encounter is most easily judged by the average amount per sale. A proposition which has an average amount per sale of $10 or even up to $100 in staples need to be but a common level of mind and mentality; but a proposition going higher than that demands a special amount of business judgment in proportion.

It was once possible to differentiate in requirements between salesmen who sold staples and those who sold specialties, specialty salesmen naturally requiring the most aggressiveness and staying power. But to-day nearly all staples have been made over into specialties through the package and the trademark, and the principles of salesmanship and sales development formerly confined to specialties are now vigorously (and resultfully) applied by staple sellers. Mere "order takers" are taboo in all fields, and a general grading upward of salesmen for all classes of merchandise has been occurring.

Generally speaking, no salesman must be of a kind or character likely to appear too superior to the prospect; especially not in social level. Nor must he have any mannerisms calculated to apppear out of keeping with the surroundings he will meet. A monocled Englishman of polished manners and a broad A pronunciation selling to East Side New York delicatessen stores would be the height of absurdity, to mention an extreme. Yet such extremes are commonly met with.

CHAPTER XIII

METHODS OF PAYING SALESMEN

102. Difficulties and Problems in Salesmen's Compensation.—Salesmen, like soldiers, are kept going at their difficult tasks by incentive. Money and honor are the principal incentives for salesmen; and of the two money is, of course, the principal stimulus. But owing to the peculiar conditions under which salesmen work, the *method* of payment of money is quite as important as the money itself. Payment of more money than calls out the best incentive is quite as hurtful to sales effort as paying too little; there is actually such a thing as paying salesmen too much. Certainly there is a widespread practice of paying salesmen unintelligently. The items of salesmen's salaries, commissions, bonuses and expenses bulks very large—many think too large—in the costs of operating an average business. Nevertheless, there are many firms who, when their sales problems are analyzed correctly, need nothing so much as a more liberal expenditure of money upon salesmen. Far from needing to hire cheaper salesmen, they need to hire better and higher-salaried salesmen; their sales cost per unit of merchandise would then be lessened instead of increased.

Other firms, on the other hand, are paying too good salaries for too mediocre work; are purchasing 500 sales voltage when the job requires only 150 voltage. Standards of payment have perhaps been set years before when selling was extremely difficult, and have never been altered to fit new conditions.

Again, the question of the form of payment raises many problems. Salesmen on salary alone tend to be too easily satisfied; salesmen on commission alone tend to render little constructive sales service. Constant argument with salesmen over compensation greatly lowers sales efficiency. How can these difficulties and problems best be met?

103. Relation of Compensation to Type of Man Required and His Living Standards.—There is no purely mechanical or statistical method of determining how much to pay salesmen. The only practical method of arriving at a result concerning amount of compensation is to settle upon the type of salesman needed for the job—the mentality, experience, sales effectiveness, personality and general character which fits the work best—and then pay whatever is necessary to secure and hold such men. It is a short-sighted and absurd economy to endeavor to get first-rate men at second-rate compensation. It is frequently done, of course, but it is not a permanent economy; the saving is usually lost with interest by the increased "turnover" of men. Since it has been figured that it costs inevitably from $350 to $1,200 to hire and fire or hire and lose a salesman, it will readily be seen that paying a sum to salesmen below the standard which salesmen of that level of ability generally require to live up to their average normal standards and a little more, merely prepares the way soon to lose the above named cost of replacing a salesman. Many a stubborn, narrow-gauge salesmanager lets a good man go and then hires a salesman of less ability at a higher compensation than would have made the old one content and zestful. In addition he loses the replacement cost.

Salesmen live to a large extent on the exterior, so to speak. In other words, food, clothing, comfort and appearances in life are especially close to their hearts and spirits. Therefore, unless their compensation enables them to be in the atmosphere they like, living somewhere near

the minimum standards they set for themselves, they are not at their best in their work. It is a very poor policy to hire a salesman at the lowest compensation he can be induced to take (attempting to make up for the deficiency by promises of future gain). As a rule, he makes another connection as soon as he becomes fully aware of the market value of his grade of ability.

There are no national standards or grades; differences in habit, custom and costs of living in various parts of the country and in various sizes of cities and towns, make the matter an individual one. It would be no reliable or safe guide, however, to take some especially thrifty salesman as a basis of comparison; for salesmen as a class are not markedly thrifty, and live up to their incomes. It is an excellent idea for a firm to make a survey of the type of men it needs for salesmen and ascertain the cost of living comfortably of that type of man in the community he moves, remembering the peculiar standards of life of salesmen in general. Such an investigation, if heeded, would go far toward reducing the large "turnover" of salesmen. The principles which have been applied in reducing the turnover among factory workmen, apply equally well to salesmen; it is distinctly up to the employer to study the living standards of his men and provide standards of compensation and treatment which will keep them at their best effectiveness. There is a subtle psychology in consciousness of receiving ample, fair pay for good work which applies with double force to salesmen, because of the dependence of their effectiveness upon the spirit they display day by day. Salesmen meet each other and compare notes in hotels and trains, and latterly in clubs and associations, and whether they are over-aggressive or silent with regard to asking for more compensation, they feel deeply on the subject. St. Elmo Lewis has well said that no man will put forth his best effort for an *ordinary* wage.

It is said of a certain well-known national concern that it is easy to hire its salesmen away. The reason is simply compensation too small for the character of men hired. It must also be said, however, that well-known firms which have a reputation for training their salesmen well are unfortunately subject to the efforts of other firms to hire their men after they have been trained.

104. Salary or Commission, or Both?—This question goes to the heart of the practical technique of paying salesmen. Properly considered, a salesman is not a man who is out chiefly to profit through commissions only—he is an ambassador of the house. As such, he needs to do many things which are not to his individual, immediate interest from the standpoint of commissions. He glorifies volume of sales above net profits, whereas he should do the reverse. He must take the same point of view as the house does—that it will be in business five, ten and twenty years from now and should do development work which will ripen years later. New accounts need to be "nursed," out of the way prospects called on and small customers well treated.

But the purely commission salesmen, being practically in business for himself, knows that he will probably not be with the house for a very long period of years (at least not in that territory), and he very naturally skimps the job and skims the cream. His work is reduced from the standard of broad merchandising called for by modern selling, to a mere booking of commodity orders. For this reason mainly (as well as for the undesirable lack of complete control and temperamental habits developed by straight commission men) the commission only plan is, for most sales propositions, out-of-date and discredited.

The straight salary plan, while not so decidedly unwise, is also wrong in principle. Although it does to some degree make ambassadors and business developers out of sales-

men, the tendency is too extreme in this direction, just as the straight commission plan is too extreme in the other direction. Straight salary men are too sure of their income; too much tempted to report progress and development rather than fight through to a larger record of actual sales.

We have, therefore, in the salary and the commission plans of payment, two impractical extremes, each with its fatal defect, and each, nevertheless, with its desirable element, both of which are important to preserve. An obvious improvement is a merging of the two methods—a salary-and-commission plan. Tests have shown that neither by increasing commissions alone or increasing salary alone can salesmen be stimulated to greater achievement as definitely as when a combination of a minimum salary plus a commission is used. The difference lies in the stimulus of the plan of payment. A commission-only man often produces less sales than before, when his commission rate is raised. The same is true of salaried salesmen. The principle at work here is identically that which has induced very well paid miners and ship laborers during war time to lay off part of the week because the higher wages paid met their money desires after working 4 or 5 days instead of 6.

105. Some Defects of the Salary-and-Commission Plan.—How complicated the whole subject of salesmen's compensation is becomes apparent when we learn that even the common form of salary-and-commission plan has vital defects which must be remedied in most instances before something like top-notch efficiency is reached. This common form—payment of a fixed small salary, and a rate of commission on all business secured (or on all business above a fixed minimum)—has the vital defect that the emphasis is still too definitely *upon volume*. While the salary does insure a certain amount of development work, in actual practice the commission is still the most glittering

goal, and any contest or stimulation simply serves to more or less completely sidetrack the development work for a spectacular record of volume.

Into this situation live concerns have injected more scientific plans of compensation, plans which are fitted like a glove to the individual business, and which are not hit-and-miss common method. They have rejected the entire idea of payment for volume or even for general development; they have adopted the principle of endeavoring to make their salesmen co-partners and co-merchandisers with themselves, profiting as they profit. This again is in line with the profit-sharing development of the labor problem in the factory; different only because a salesman's part in profit-making can be much more exactly calculated.

The salary-and-commission plan must be added to, so that commission is paid, not for volume, but for development work and greatest net profits. Most businesses, even if they have but one article at one price to sell—have certain preferred, more economical methods of selling which they would like all their salesmen to use more liberally which increase the net. Upon these a plan of compensation may be based, rather than on sheer dollar volume (which by its very narrow nature tends to keep the salesman's vision narrow).

106. How to Shape a Thorough-Going Plan of Compensation.—The foundation on which to lay a just compensation for salesmen is the territory. How many dollars' worth of sales is it logically "good for," after a careful survey? And how much can or should an average standard quality salesman sell in it per year? How well developed and how expensive to travel is the territory? Such questions explain why one salesman is rated good who sells $40,000 worth of goods annually, whereas another salesman selling another line of goods sells $200,000, and is not regarded as phenomenal. Both earn approximately the same salary—

the difference lies in the absorptive capacity of the territory for that line of goods. It is a mistake to think the difference is in the man or in the line of goods. A salesmanager should first think in terms of the consumption capacity of the territory, or else he will not do justice either to a salesman or his goods.

Once the capacity and rate of growth of the territory is known, you have a gauge on which to register salesmen's efforts. Also you have the data for a just and accurate quota, on which to base not only the salary but a bonus. It is generally agreed that a salesman who secures 80% of the quota of sales allotted to his territory has earned his basic salary; and that whatever he achieves above that should be rewarded by a bonus.

The practical procedure for fixing compensation might thus be:

Step 1. "Survey" your entire territory to establish the logical volume of business now existing or that you can expect to develop each year for the next 5 or 10 years.

Step 2. Analyze the cost of properly covering the territory, keeping in mind the general aims and policies of the firm and the missionary and educational work it needs.

Step 3. Size up the mentality and difficulty of the prospects and the territory, the cost of traveling, and figure out the type and kind of salesmen you should have to represent you successfully in a constructive way. What this type of salesman needs as his minimum to live upon, that should be the fixed salary. Whether he earns it is to be judged by whether he reaches 80% of the quota set.

Step 4. A commission rate to be added to the fixed salary, payable quarterly or semi-annually, based on the gross profits of the business done in his territory. As a suggestion, let us say 15% of the profit on his volume of sales; "profit" meaning margin above operating cost. (The more common method, of course, is to give a com-

mission of say 5% on *volume* of business above the amount required to earn salary. It is a sounder method to base commission on *profits.*

Step 5. Establish, as a *third* element of compensation, a *bonus* to be paid when sales goals and quotas are attained. (See entire following chapter on this subject for details.)

A procedure of this sort has the satisfactory merit of being thorough and just and grounded on sound principle and on fact. It supplies all the ideal elements of a compensation plan—(1) it is fairly automatic, (2) it insures both stimulation for volume and profit and for constructive effort, (3) it makes for the right spirit of co-partnership in representation of the house, (4) it is thoroughly just and wise.

107. Importance of Equality and Uniformity.—Nothing can so quickly destroy morale in a sales organization as a belief that some members of a sales organization are favored either in salary or in special privileges, rates of commission or "cinch" of any kind. Salesmen know quite well that the aggressive man or the "good bluffer" frequently gets special favors and forces higher pay. A single, clear-cut policy, both for salaries and commissions, and for appeals for "raises" should be followed rigidly. No salesmanager can afford to allow himself to be "held up" by aggressive men who want more salary or commission than they deserve. Nor can any salesmanager afford to fail to reach a man before the man comes to him, when that man deserves a raise.

It should also be a punctilious duty to see that salesmen are paid with great exactitude and promptness, and all they deserve. Often fatal errors of this sort are made —in permitting salesmen to work under certain misunderstandings of increase or terms, and then dispute or argue the point later on a technicality. It is of great im-

portance that all compensation arrangements be made unmistakably clear in a memorandum if not a contract. A dispute over compensation takes the life out of a salesman; and being volatile and more or less temperamental, he is more likely than not to fail to understand a memorandum or contract too full of ifs and buts or long phrases.

One of the commonest forms of inequality and injustice is to "welch" or a promise of pay when the success is beyond expectation. Some salesmanagers and owners hate to see salesmen make a lot of money, quite failing to appreciate that the salesmen can't make money unless the house gets its allotted share, and that "a piece of luck" or a streak of success may be the stimulation to tide salesmen over a correspondingly dull period.

Giving a salesman a "piece of pie" in the shape of credit for sales he did not personally make also irritates some narrow minded executives. It must be appreciated that willingness to hew rigidly to the line of an agreement or promise, no matter on whose side the chips fall, is an absolutely essential idea to fix in salesmen's minds if their spirits are to be kept up.

108. Plan for Automatic Salary Raises.—Knowing how detrimental to *esprit de corps* are arguments over increase in salary, several very interesting plans for such raises to operate automatically have been planned and are working with success. With such an arrangement a salesmen's basic salary (and quota for earning it under the plan described above) readjusts itself without a word of consultation each January 1st.

The plan provides that in return for a certain salary first agreed upon with a new salesman, his sales shall amount to ten times the amount of salary received, and that a fixed commission will be paid on all net sales over and above this minimum amount; that the salary and the commission earnings of the salesman for the first year will

be considered his salary for the second year. Thus his maximum sales for the first year become the minimum amount of sales for second year, over and above which minimum amount he receives the same fixed commission.

This automatically insures the salesman being compensated for any extra effort he may put forth which has increased his sales, the commission being fixed at from 25% to 50% of the percentage of cost of the salesman's salary to sales, having in mind that the per cent of commission adopted is sufficient to insure a reasonable increase in his salary, and the more commission a salesman earns, the more it cuts down his selling expense.

109. Crediting Mail Sales and Uncollectable Accounts.—Controversies are continually arising over mail orders and their proper crediting. There are many firms which feel that their good will and their general activities should entitle the house to be regarded as being a salesman, and have at least some part of mail orders and personal sales by executives credited thereto. This idea has its logic, but from a purely human standpoint it is dangerous—such sales are sometimes in competition with salesmen's efforts and the mere knowledge that the house takes credit to itself is an irritant to salesmen, certain in one case or another sometime to be discouraging. Customers are naturally not often thoughtful enough to request that the sale be credited to a specific salesman. The only solution is to make an individual judgment based on an individual case; the rule to follow being to show full and adequate cause why mail orders should *not* be credited to salesman, rather than starting with the reverse assumption. Some concerns find it an excellent plan to require salesmen to divide commissions on business closed with the assistance of the manager.

As for uncollectable accounts, salesmen in the average business house should be penalized for bad accounts, either

by forfeiting that portion of the profit on an uncollectable account, which would have been theirs had the account been a good one—or by a percentage penalty based on the size of the loss. In theory, credit considerations are strictly up to a firm, which should instruct salesmen carefully as to credit requirements, and accept or reject on its own responsibility such business as the salesman turns in. This quite correct theory removes blame from the salesman, whereas from a practical standpoint the salesman having personal contact with the customer, must be regarded as a credit judge also. The positive plan of offering bonuses for salesmen having the least credit losses is better than mere negative penalities, however.

110. "Drawing Accounts."—This is one of the anomalies of selling. A drawing account is, in fact, a salary with or without a quota provision, and is preferably called so, as there are psychological factors in the phrase "drawing account" which are seductive and wrong. It is a fact well known that large numbers of dishonest men engage themselves simultaneously to a number of firms to sell goods on drawing account, and employ themselves not in selling goods, but in keeping up the bluff as long as possible—drawing pay from a number of sources at once.

Money paid to salesmen should not be in any form but salary, commission or bonus—otherwise it has a wrong mental effect. It is exactly like borrowing money to get an advance on commissions in the form of a drawing account. Large sums of such money are charged off constantly when men fail to reach their drawing debts with their commissions and are discharged, to all appearances in debt. This, to a good man who may have rendered full value for the money in development work, is galling and humiliating. The supposed stimulus toward measuring up to the drawing account does not work.

It is a far better plan to make the arrangement both

more definite and more self-respecting by naming a salary based on a specific quota, no commission to be paid until the quota is earned, and a definite time fixed in which to make good.

Of course, with certain lines of business using very high class of salesmen, the drawing account method has a few advantages, such as keeping the arrangement centered on a commission basis. But even in such cases there can be a principle laid down of basic selling cost percentage which operates virtually like a commission, but utilizes the basic salary idea nevertheless.

111. Handling Compensation of Juniors.—The same principles apply to juniors as to seniors—they should receive salary, commission and bonus. The method used by one firm is to allow juniors to such salesmen only who have brought down their selling expense to a 15% basis by reason of its volume. This automatically weeds out requests for juniors where they are not supportable.

A fifty-fifty division of commissions is the best method of dividing earnings between junior and senior.

112. The "Piece Work," or "Task and Bonus" Idea in Selling.—The application of the principle of scientific management to a sales organization is undergoing a test in several large organizations, but the method is so new and radical that its efficiency is not yet thoroughly authenticated. The idea is to subdivide the work of selling into minute separate items (corresponding with motions in shop work), such as a call on a customer without finding him in, a demonstration of the article, etc. Each of these separate items of work have standard prices or salary rates attached, so that a salesman's daily work becomes an itemized account of separate pieces of work done for which he is credited specific sums. His salary is thus simply an accumulation of the piece work items.

For instance, in one organization, 10 cents each is paid

for canvass calls, 5 cents each for repeat calls and 25 cents each for demonstrations. On this plan a man can earn his minimum salary or drawing account without making a single sale. In cases where this plan has been applied it has resulted in almost doubling the number of calls and demonstrations. A higher rate is paid, under this system, for new calls, and for prospects on whom no calls have been made for 90 days. The system also involves the checking up of the salesmen's reports at irregular intervals, not only to test his honesty, but to locate weaknesses in his work. Salesmen make a complete report every day.

The bonus part of this plan is based on the amount of profit the company makes on the sale. When a salesman's earnings from "tasks" bear a higher relation to his bonus earnings than the average, then an inspector is placed on the job to study the man's work.

Salesmen make more money under this plan than under old systems and when properly operated are well satisfied with it.

This plan is sound in principle for organizations requiring an average or below-average type of sales work of a more or less routine nature, but its value for the higher grades of sales work is as yet not proved.

CHAPTER XIV

PRIZE, BONUS AND STIMULATION PLANS FOR SALESMEN

113. The Basic Need for Stimulation—The very qualities which make good salesmen are qualities demanding special stimulation and constant encouragement.

A salesman is more in need of full-powered incentives to work than perhaps any other type of worker, because unlike most other workers, he does his work away from both his superiors and his companions. Most other routine labor is done in groups, where the group stimulation is constantly present to hold a man to his work, in order to keep the respect of his fellow laborers. In addition, the mere presence and proximity of his superiors is a stimulation.

The salesman, unfortunately, is a lone worker, and to make matters more difficult still he faces these conditions:

1. He is away from familiar surroundings.
2. He is not doing mechanical labor which responds automatically to his efforts according to fixed laws.
3. He is in a semi-hostile atmosphere, dependent on the personal feelings and idiosyncrasies of a motley lot of customers and prospects.
4. He is obliged to throw a great deal of high tension nervous and mental energy into his work, bringing a natural reaction, relaxation and tire which affects his spirits adversely for a time.
5. He is at such long range from his employer that it is easy for him to imagine indifference, hostility, neglect and stupidity in the home office attitude.

6. He is subjected to the depressing physical strains and buffets of travel.

For these and other reasons the salesman has a very decided need for stimulations. Dr. Elliott, ex-president of Harvard University, once said that all men required the basic stimulations of Love, Loyalty, Ambition and Hope, to do their best. The salesman apparently needs about twice as much stimulation of these sorts to "keep him on his toes." It is only an utterly ignorant salesmanager who gives little or no care to the incentives which control his salesmen.

114. Differences Between Staple and Specialty Salesmen.—At one time it was widely believed that salesmen of staples, such as coffee, sugar, flour, etc., needed no special stimulation plans; that only specialty salesmen (for adding machines, dictaphones, etc.) needed contest, bonus, and other forms of stimulations.

But with clearer understanding of selling and wider application of salesmanagement brains, it has become clear that the distinction between staple and specialty is not so great after all. Furthermore, the tendency in the planning of merchandise has been to make more of a specialty out of staples, while of course good specialties tend constantly to become staples. Coffee and sugar are to-day trade-marked and sold like specialties; while adding machines, typewriters, etc., have become more like staple necessities.

There is no reason why identically the same principles of stimulations should not apply to salesmen for specialty or staple. The need is only for expert skill in adjusting the plan to the individual situation. It is more important in adopting stimulation plans to study the type of salesmen and customers, the territory and the manner of selling than it is to study the type of product.

115. The Various Forms of Stimulation to Choose From.—

Stimulations are, of course, many and varied in form and method of application. It is frequently advisable to rotate in their use, or to use a number of kinds at once. No rule of thumb can be laid down, any more than can medicine be prescribed for all types of patients.

Broadly speaking, the following list of stimulation methods available cover the field well.

1. Quota systems.
2. Point systems.
3. Honor clubs.
4. House bulletins.
5. Letters from high executives.
6. Special prizes.
8. Game plays.
9. Promotions.
10. Bonuses.
11. Special honors or trips.
12. Profit sharing or stock participations.

Conventions and sales conferences are, of course, stimulations of the highest order, but are a separate subject, treated in the chapter following.

Just how to choose from among the stimulations available, constitutes the technique of the profession of sales-management. Diagnosis of the individual case, and prescription for its individual needs can be the only logical method to use. Any other method is a self-doctoring quackery, done at great risk. Knowledge of the value and limitation of each method and of its fitness or unfitness for this or that condition is necessary before it is wise to make a decision.

The facts required to reach such a decision about a business are:

1. Type of salesman used.
2. Character of prospects canvassed.
3. Type of product.
4. Variety, scope and relationship to profit of items sold.

5. Size and character of territory.
6. Method of paying salesmen.

116. Some Typical Bonus and Contest Plans.—There are almost as many forms of bonus as brands of tobacco. Most of these are adopted as experiments and there is much change constantly in method and plan. The plans described herewith are simply plans which are ingenious or novel. They all suffer from lack of exactitude in their application and effect, but are good workable plans as far as they go.

1. Giving 1% of the annual increase over a fixed amount to branch managers, limiting it to 10% of total salary received in any one year.

2. Operating a club such as "100%," "Top-Notchers," etc.; open to salesmen during 110% of their quota during any 4 months of the year. If he repeats, a bar is added to his badge.

3. Staging a special sales drive with an attractive name such as "The Get a Million Drive."

4. Holding a convention open only to those who have made 100% of their quota; and another separate convention of those who have made 80%.

5. Holding a sheer volume competition, separating salesmen into groups according to volume sold, and offering merchandise prizes for 4 or 5 winners in each group.

6. Offering a bonus of say 2½ upon total amount of sales made in excess of previous record.

7. Taking year's profts as basis, marking it 100%, and giving a bonus to those having the highest percentage of increase over 100%.

8. Pitting different divisions or groups, or even individual cities against each other, based on a quota set for each.

9. Basing bonus entirely on profit; giving no bonus to

salesmen not increasing profits, but setting quotas *of profit* for each salesman to reach.

10. Special short-term contest—to make August a red letter month, for example; giving a suit of clothes to every salesman averaging a fixed number of units or dollars sold in that month.

11. Allowing an extra 1 or 2% on all sales during certain months.

12. Offering a merchandise or money prize, to be presented, not to the salesman, but to his wife.

117. Honor Alone as Stimulation and Incentive.—It is human nature to desire distinction. Salesmen are particularly inclined in this direction because of their social temperament.

Honor marks vary all the way from the simple mention of the salesman's name on a blackboard or in bulletins or house organs, to the award of badge or membership in a special "Club" like the Nylic Club of the New York Life Insurance Company. (This organization is composed of salesmen who make a high score, and are shown special favors and honors by the officers of the Company).

Ranking lists in house organs, bulletins, blackboards; use of photographs, special selection for trips, even public honoring with a seat next to the head of the house—all come under this head and are of great importance. Honor prizes are sometimes the only prizes advisable to use, with very low or very high types of salesmen.

In some cases, where the type of salesman is not of the highest grade, very primitive methods are successful. A typewriter firm adopted the plan of sending each salesman a green ticket for every $100 unit of sale. If a day passes without a sale coming from the salesman he is sent a blue ticket. If three blue tickets are sent in succession then a yellow ticket is sent, but if the salesman exceeds his quota for the month, he can send a sale and

three yellow tickets in exchange for two green ones. This is identical with an old-time plan used in Sunday schools to stimulate attendance.

Needless to say, honor as reward is a delicate thing to handle with salesmen of a higher grade, as they are more sophisticated and balanced, and therefore less moved by ceremony and praise. Being better business men, their incentive is more toward promotion and money reward.

118. Merchandise as Reward.—Merchandise is found to be highly prized, if prizes are to be given, because merchandise is usually valued at more than its real money cost. A handsome traveling bag filled with compartments and special fittings and traveling comforts, looks better than the three $5 bills or two $10 bills it costs. It looks better to the salesman, because he can carry it proudly and when someone asks him where he got it, he can throw out his chest and tell about it.

The very highest type of salesman naturally appreciates best, cash prizes, and is much less amenable to mere honor reward unless the financial side of reward is thoroughly satisfactory to him. This makes the subject closely related to that of method of paying a salesman.

Generally speaking, all salesmen prefer a cash prize. But from the point of view of the house a prize in merchandise is often preferable. The value looks bigger, the impression lasts longer, for the article, if properly selected, will act as a constant reminder.

The following facts should be given consideration in the selection and presentation of any merchandise prize:

1. Give something that the salesman can use constantly —thus reminding him of your appreciation.

2. Give something that he can show to other people, acquainting them with the fact that it is an honor mark for length of service or leadership in sales and something

which he can be proud of, all of which will have a tendency to increase his enthusiasm.

3. Give something useful. Base the selection of your gift on a knowledge of his tastes and needs. If he is married and enjoys his home life, a gift that his family can enjoy will serve to increase his own appreciation.

4. The gift should be presented with words of commendation indicating that it is a pleasure to bestow the prize.

5. The award should be made known as widely as possible within the organization, so as to encourage others.

Prizes of a simple kind, such as a specific article of merchandise or sum of money or honor, are the crude forms of scientific stimulation. A house may simply offer a traveling bag to any salesman who sells a certain set amount of goods over his last year's effort. Or it may give an automobile to the salesman who sells the highest percentage of increase over last year's effort.

But at once we get into the delicate and intricate nature of the subject, because on the one hand such a crude prize contest may discourage rather than encourage the rank and file of salesmen of average ability or on the other hand may be detrimental to the aims of the house because it tempts salesmen to oversell or push for volume unwisely.

119. The Quota Plan.—A quota is the standard of sales set for individuals, goods or territory, established after a study of all the factors bearing on the case. The method is simply a fixing of a goal for each salesman, with a reward for reaching it.

Such a "standard of performance" gives the salesman a definite goal to reach—an effective stimulant for greater effort.

With seasonal or fashion goods, the time unit should be the season. With articles of steady consumption, such as food, stationery, etc., the period may extend over a

year, or be subdivided monthly. When the articles sold are all of the same price, the quota may be simply in units. Where there is a difference in price, which is the general case, the quota is based on the money amount of the sales possible in that territory. This permits a comparison of sales performances in territories of unequal opportunities.

The "quota" unit of the National Cash Register Co. is $25 which is called "one point." Their famous organization of salesmen, known as the "Hundred Point Club," is composed of salesmen who have achieved one hundred points, or $2,500 worth of sales in a month.

To equalize the standards of performance for unequal territories, or for goods which it is especially desired to push, it is generally the practice to lower either the amount of the sale, that constitutes a "point" for the less productive territory, or penalize by the point system the less desirable goods. (See later chapter for detail about Point System.) For example, let us assume a sales organization with two territories: Territory A, the country East, and Territory B, the country West of the Mississippi. The latter contains only 20% of the total population; so that it can hardly be expected to furnish more than 20% of the total sales.

Or, if in one territory there are, say 1,000 prospects with an estimated average sale of $200 to each, and in the second territory there are only 100 prospects with an estimated average sale of $300 to each, the ratio of the quotas may be established either on the basis of $200 to $300 or on the basis of 1,000 to 100 prospects.

After a fair quota has been set for each salesman's territory, based let us say on 80% of the immediate logical prospects and their logical purchases, then you have automatically a contest basis for any prize you may decide upon.

To guard against the tendency of the salesman to over-

load customers in order to make a big showing, some firms make it a practice to establish also a quota for each class of customer, based upon the size of the stock or the amount of credit which the firm is willing to allow that class of retailer. The salesman is not expected to take an order from the customer for more than the limit of that class.

120. Sound Principles for Operating Contests.—Any and all sales contests of whatever nature on whatever plan, for whatever prize, should be guided by the practical considerations which rule any group of salesmen in contest. Contests are often failures in one respect or another, or in some degree or other, solely because simple principles such as the following are violated:

1. A sales contest is of little value unless it stimulates all salesmen, including "the tail-enders." Set a goal that every salesman feels he can reach. Since there is a wide difference between the showing of some salesmen, matters should be equalized by putting them in different classes, as determined by the quota plan. For example, Class A must compete for a minmum quota of 3,000 points; Class B for a minimum quota of 2,000 points; Class C for a minimum quota of 1,200 points.

2. Hold or start the contest at a period of the year when the conditions are not discouraging; otherwise lack of results will militate against the plan.

3. Do not dull the edge of interest in contests by holding them too frequently. It has been found best to have an interval of at least two months between contests.

4. A similar loss of interest is apt to occur when the contests are strung out too long, or made too short for thorough work. From one month to three months is generally conceded to be a practical period for intensified selling.

5. Have everything thought out thoroughly beforehand,

so that it will not be necessary to change conditions or schedules, which has the same effect as putting a brake on a running wheel. This information should be in the hands of everybody concerned in ample time so that the salesmen can study out their plans of procedure.

6. Launch the plan with all the enthusiasm possible; for example, at the annual convention of the sales staff. Put the same enthusiasm in the printed or typewritten bulletins, which should be issued every week so as to maintain the interest. They should feature the progress made by the leaders in the race, give inspiring reasons why they lead and encouragement to the laggards.

7. Assist the laggards so they may become more efficient or appeal to their personal pride to become more industrious.

8. Enlist the interest and coöperation of the executives. If possible, offer a special "President's trophy" or a "General Manager's trophy." This is an additional spur.

9. It has been found advantageous ofttimes to utilize the team spirit by offering additional prizes for the total showing made by each territory, or a given group of salesmen who come in personal contact with each other. The result will be that they will mutually stimulate each other in order to win the "team prize" in addition to individual prizes.

121. Peculiar Types of Contests.—Odd and special contests have merit sometimes in single and special cases.

A good instance is that of a $20 ring, which was offered by a certain salesmanager. He made known only two conditions of the contest, which were volume and rate of increase. The other three conditions were not to be revealed until the prize was awarded. It was simply stated that they had something to do with the more desirable kinds of business, and the salesmen were left to infer as best they might on what basis the ring would be awarded.

Observe, however, that in this particular company the *esprit de corps* had been developed to such an extraordinarily high pitch that as an incentive the value of the ring was far inferior to the honor connected with it.

This idea is further illustrated by a third plan used by this company. The seven sections of a certain district were pitted against each other in securing a quota.

Still another plan was started among the salesmen themselves. This was to celebrate the salesmanager's anniversary by a special drive for orders. A keen spirit of rivalry naturally developed in the course of this kind of a celebration.

Still another plan is one to offer a special dinner to the "Big Ten" salesmen who reached the highest number of sales above their quota.

122. Bulletins, Letters, House Organs as Stimulators.—It is of first importance to realize that salesmen must be kept in live communication with the house while on the road. It sometimes puzzles salesmanagers to understand why the ordinary routine letter often actually depresses a salesman. It seems cool and aloof. A careless phrase may make a salesman "see red"; the same phrase which when spoken would be entirely acceptable.

Letters are an important link in the chain of stimulation. Personal letters from the salesmanager, not too obviously "doped" with "ginger" and "pep," but intelligently optimistic, with a tone of confidence in the salesman, are vital. When letters cannot be personal they may take the form of printed or mimeographed bulletins. Many clever forms of these are extant, from large 8-sheet printed bulletins in colors, giving every sort of news, including the standing of salesmen, and the photographs of the "top-notchers." These bulletins or house organs are often sent to the homes of salesmen, with the distinct idea of having the wife note her husband's standing.

It is dangerous to attempt bulletins or house organs with salesmen unless provision is made for its careful editing up to a high standard. Salesmen are blasé and hypercritical, and unless the thing "hits them where they live" and deftly touches the spot where they are amenable to stimulation they will be adversely rather than favorably affected. There is a growing distaste among salesmen for the language of stimulation which used to be popular. Bombast and so-called snappy, do-it-or-die language is out of date.

One method which should never be overlooked is regular communication with the head of the house to his salesmen. There is great stimulation, especially in a large business, or one where the head of the house is an admired personage, in a communication from "the man at the top" —"the big boss." A good salesmanager will make effective use of this lever of stimulation, and "stage" the head of the business in such a way as to insure top-notch stimulation. A personally signed letter is a splendid idea; next to that, a printed communication signed in fac-simile.

123. Stock Participation and Profit-Sharing.—Although more or less novel, the idea of profit sharing is naturally extended to salesmen in such concerns which operate general profit sharing systems for all employees. A profit sharing plan which is universal with all employees, does little to especially stimulate salesmen.

The same is true of stock participation (which as a method applicable for all employees in a business is discredited). Unless under unusual circumstances, stock participation is an unwise method of stimulating salesmen. They are not financiers, and often become dissatisfied—sometimes at a time when the business needs their best efforts.

Salesmen need more direct methods of stimulation than any general plan of profit sharing or stock participation.

124. Utilizing the Game Instinct.—There is no stronger instinct in American men than the instinct to play a game. Relating work to a game is a very interesting method of stimulation—not possible to use always and regularly, but to be kept in mind generally.

A great adding machine house utilized it successfully and typically as follows:

A contest was arranged for April, May and June, ending up with a "Post Season Championship Game" in Detroit during the "all-star concentration" in July.

The following rules were given as to "How to Finish on Top."

1. Telegrams will be accepted at the close of each game but any credit not confirmed in ten days will be deducted from the game following.

2. There are ten Company Leagues, each composed of agencies with similar quotas. Each agency represents one team, six leagues have ten each. Four leagues have twelve each.

3. Nine games are scheduled for each team, each game to be of ten days' duration.

4. The score will be based on per cent of quota secured by each team in each game.

5. The team winning the greatest number of games becomes champion of its league.

6. Managers of the ten league champion teams will attend the All-Star Convention, at the Company's expense and has adapted baseball to their latest sales contest and has thereby given each man a chance to demonstrate his process in the National game.

In order to play the game the selling organization was divided up into leagues, the divisions being decided according to the quotas of the various agencies.

Each agency of this adding machine company was assigned a quota at the beginning of the year. This quota

means that the company expects that agency to sell a certain number of points a month, each point representing a definite amount of money.

In arranging the ten leagues into which the sales force was divided, agencies having the same or nearly the same quotas were pitted against each other. Nine teams played against a picked team of All-Star Men for baseball championship of Selling Force.

7. The manager whose team leads the other nine league-champion teams in total per cent of quota secured for three months, becomes captain and manager of the Managers' team during its stay in Detroit.

8. The decision in any tie game will go to the team having the larger per cent of quota for the previous month.

9. In case of a tied score at the end of the contest, per cent of quota for three months will determine the winner.

10. Appeals or contention must be entered by the end of the game following that with which the appeal is concerned.

11. In case of a tie where rules 8 or 9 are applied and the result still remains a tie, per cent of quota from January 1 will decide the winner.

It was arranged to publish a "dope sheet" under the title "Burroughs Score Board" during the series. This sheet was for the purpose of giving complete information as to the relative standings of the teams and leagues and to keep the ball rolling. This sheet on account of its realistic talk and appearance, was the means of continually keeping the enthusiasm at its highest pitch. The editors instilled every bit of baseball terminology and "pep" possible. Cartoons and pictures of the various men were used freely. "Old Man Quota" was played up prominently in every cartoon.

Short squibs concerning the players were also used. These instilled a personal feeling and interest into the contest. Baseball atmosphere was created at every turn of the contest.

Snappy ginger talks were introduced and served as inspiration to every man. The following is part of such a talk:

"Game seven is on! The magic, lucky number is here! You who have had the luck stay with it! You who have struck a snag at every turn, remember, that now is the time for things to take a turn. Down through seasons of countless ages this number has had all the luck that ever counted.

"That *lucky* Seventh," is the cry! Are you ready to grab *your* luck! Taken as a whole there has been no game so far in which all the contests were so hard fought and closely won as in game 6. Few and far between were the shut-out victories and just as rare were lop-sided scores. At the middle of the game even the shrewdest *dopesters* were at a loss to say who would win any game—and none of the contests were "over" till the ninth was finished. This is the kind of ball we like to see. A manager's team picked from a bunch of fighters such as those now leading in the tournament would make any all-star organization go some. We can hardly wait to know who is going to make up the *managers' team.* Come through now and show us."

The results of this campaign are best indicated by the statement of one of the officials of the Burroughs Company:

"The effect of this sales campaign upon the organization was as though 'Skinny's' team was to play the East Siders on the Fair grounds on Saturday morning."

"It struck a responsive chord in every man and he reacted. They were boys again playing on the corner lot

and all felt the lure of the diamond. Though purely imaginary, every game was played with all the enthusiasm of the days when they were slab artists.

"The 'score board' was eagerly watched for and tacked up prominently in every office. Every man was interested and with such interest the results were inevitable, the boy-heart had been appealed to—and not in vain."

CHAPTER XV

THE SCIENTIFIC POINT SYSTEM FOR QUOTAS AND CONTESTS

125. Reasons for Development of Point System.—The Point System has been developed as a means of meeting the many objections which formerly prevailed against the use of the more ordinary forms of prize contests for salesmen, or rating of territories for quotas.

Most businesses are too complex to admit of any simple and blanket method of comparison; and most other methods of fixing the basis of contests have proved defective because of incomplete adjustment to the conditions of a business.

Some of the factors which upset calculations (before the Point System was developed) were:

1. The difference in the merchandise and the profit considerations concerning them. Nearly all firms which make more than one article find that for one reason or another, or at one season above another, the relative desirability of sales is different. In other words, the National Lead Company, for instance, does not desire to induce its salesmen to spend a great deal of time selling lead to tinsmiths when that time can be more profitably employed in pushing a line which is not as staple as lead, but which is a specialty which the market is not educated to buy automatically. It desires to have salesmen sell its specialties before all other things.

2. The differences in territories are so great that few firms are in a position to pit any one territory against any

other except on the accurate basis afforded by a Point System. Some territories are in a raw state of undevelopment; while others are in a high state of development.

The amount and character of salesmanship required to secure a thousand dollars' worth of business in undeveloped territory is greater than in a developed territory. Other factors which make territories differ are the density of population, the accessibility, etc. (full list described further).

3. The amount of the order is also a factor which in highly developed Point Systems is considered important.

A salesman who sells to concerns which buy in large orders, takes a greater volume of business with less effort than the salesman who sells a smaller type of concern which takes smaller average orders.

4. The feeling is often justified on the part of salesmen that the quotas are inexact, the comparisons unfair and the calculations haphazard.

The above conditions and variations are the cause of the development of the Point System, which permits mathematically accurate measurements and comparisons for many complicated factors.

126. Instructions for Operating Point System.—At first glance the system seems complicated, but this is only because it takes care of so many individual factors. In reality it is a very simple system and the complicated part need never come to the foreground where it might confuse the ordinary mind.

The first step is to hold a conference which might include (1) salesmanager, (2) one or two of the best salesmen (preferably two selected by salesmen to represent them), (3) one or two members of the firm—high executives or directors, (4) a capable statistician, (5) sales counsellor or specialist.

The steps of procedure are:

1. Select from the factors outlined in the paragraphs to follow, such as are agreed to have important bearing on the nature of the territory for the article; factors in all three main divisions of the point system—territory factors, merchandise factors, special factors.

2. Proceed to rate these factors in terms of figures in ratio to the other factors in that division, counting 100 as the total for the factors selected from each division. To illustrate: if only 3 territory factors are selected, one will be rated at 49, perhaps another at 25, and another at 35; total 100.

3. Secure and analyze the territory data, after it has been decided what data is desirable in order to correctly rank each territory. Some of the territory factors can only be properly gauged by combined judgment rather than by hard and fast statistics. But this need not prevent expression of such judgment in a judgment-ratio figure. In arriving at such a "judgment ratio" the best plan is to secure the judgment of each eligible member of the conference in the form of a ratio figure, and then reach the final figure by averaging. To illustrate: If the sales-manager's estimate of the ratio figure for a certain special factor is 33, the statistician's 28 and some one else's 40, the average of 30 will be an excellent ratio to use.

4. The result attained then will be figures of two numerals each representing (1) the relative difficulty of selling in each sales district, (2) the relative desirability of sale of each separate product, separated in groups, and (3) the relative reward value and desirability of certain superiorities in individual salesmanship, such as largest number of towns visited, etc.

5. If size of order represents any element desirable to stimulate or presents a difficulty, because certain salesmen travel the large order trade and other equally good salesmen travel small order trade, then a scale of point varia-

tions may be made up for various sizes of orders. In many cases the Point System is not used for anything but to reckon sales; as, for instance, the National Cash Register plan of counting each sale of $25 a point. For firms selling one thing only this may be quite sufficient.

127. Applications of the Point System.—The Point System used on a wider scale requires much care at the start, to make sure its basis is correct, but once it is figured it becomes automatic and simple. The points become fixed in the mind of the salesmen and the system works like a machine.

Salesmen are able to compute their standing readily, and have more confidence in a system which, it may readily be seen, is capable of the fine adjustments to differences and variating factors.

The Point System does for a sales organization what the decimal system does to arithmetic—it makes elaborate reckonings simple. It applies mathematical exactitude to matters which would otherwise be arbitrarily and crudely handled.

The Point System is by no means only for large and complicated businesses. It is usable in very simple forms —merely to represent a unit of sales (as National Cash Register plan described above) or for a group of special bonus offers for various tasks and goals, each with a varying importance and point-value. The smallest business as well as the largest may use it with equal economy and facility, because it is a principle of efficiency of reckoning, and not a mere device.

128. Territory Factors Measurable by Means of Point System.— By no means do all firms require the securing of all the information here listed; but the more it is secured the more accurate and just the basis for analyzing sales work.

A careful survey should be made and merged with all data on the elements which affect the local situation.

Among the factors (in addition to other data later described) which are likely to be useful in establishing a ratio figure for territorial differences, are the following:

1. Volume of goods sold by all manufacturers in the line.
2. Density of population.
3. Density of dealers (per square mile and per 1,000 of population).
4. Railroad mileage, population per mile of railway, miles of railway and trolley per square mile.
5. Inaccessible population.
6. Volume of prior sales.
7. Character of population.
9. Distribution of per capita valuation of realty, bank deposits, business offices, etc.
10. Distribution of building activity or other vital factors affecting the business.
11. Special considerations.

It is no simple task to coördinate all these factors, but the variety of factors used should make the final resulting quota nearly free from arbitrary elements. The aim is to secure something like a *reasonable* comparative figure, the composite figure rating all the individual factors used, for each unit of territory.

129. Merchandise Factors Measurable by Point Systems.—There are any number of considerations which may affect the relative desirability of the sales of various products. They should be rated according to relative desirability of sale at very careful conference of all of the heads of the business, including the directors, in order that the wisest strategy of the business may determine this important thing. Among the considerations which are valuable in this connection, are:

1. A new product which is going exceptionally well because of its novelty should not be ranked first, even

though it is very profitable. Experience shows that salesmen give such new products an unconscious preference anyhow.

2. Articles which are staple and routine must not always be placed at the lowest ratio because they are naturally given a lesser amount of attention, and careful policy may develop reasons why they should be pushed.

3. Trade conditions must also, as well as strategy, enter into consideration, since there is ofttimes extra resistance on some products on the part of distribution.

4. It is desirable to establish groups of products so that some weaker ones of the group may secure attention because of such grouping.

To give an example of this grouping, the following table shows the grouping method used by one firm which makes a considerable number of products in the roofing field:

Class 1.	Paroid.
	Proslate.
Class 2.	Black Building
	Red Rope
	Florian.
	Paint and Cement.
Class 3.	Granitized.
	Coated.
	Insulating.
	Asphalt Felt.
	Wall Board.
	Wall Battens.
	Waterdyke Felt.
Class 4.	Dry Felt.
	Compound.
	Rosin Sized.

Class 5. Shingles.
Floor Covering.

Class 6. Miscellaneous. (This class is to cover small items which are not as a rule given a great deal of attention.)

It is well to plan Sales Report forms, order forms, bills, etc., on the standardized basis of the classification according to the classes of products grouped. In other words, it facilitates handling and the labor of making comparisons, if all order blanks and sales reports group the products according to the classification decided upon in the Point System. In this way the total for each classification of products on any individual order may readily be added up and credited.

130. Special Reward Factors Measurable by Point System.—The Point System is used not alone for judging the regular sales work, but also as stimulus for special achievements—on the plan of a bonus system. The points are given in place of merchandise presents or money prizes, and help to raise the place of the salesmen in the general competition.

The following are some of the factors for which points may be given:

1. Largest number of orders.
2. Largest per cent of increase over estimate.
3. Largest increase in dollars and cents.
4. Largest number of towns visited.
5. Lowest per cent of expense to sales.
6. Ratio of town reports to number of workable towns in territory.
7. Highest percentage ratio between gross and net sales.
8. Highest percentage of estimate new agents or dealers stocked.

9. Lowest number of past due accounts in territory (based on quarterly showing after deducting suspense accounts collected).

10. Largest number of orders taken.

11. Highest percentage of gain over previous year in Group I.

12. Largest number of individual prospects (or towns) visited; also lowest number of towns or prospects visited.

CHAPTER XVI

SALES CONVENTIONS, LECTURES AND CONFERENCES

131. How the Sales Convention Developed.—The sales convention has come as a necessary factor in the handling of a large national selling organization; and because of its success in a large way, has demonstrated its value even for small sales organizations.

As national organizations work at long distance from the home office, and as it is never satisfactory to deal entirely by mail or the printed word with regard to the vital elements of selling success, small as well as large concerns have found it absolutely necessary to gather the district managers, at least, if not all the salesmen, together at least once a year in order to develop the best *esprit de corps* and draw by personal contact with the master minds of the business.

The first to use this method were the organizations of specialty machinery like adding machines, typewriters, and cash registers, because they, above all other kinds of sellers of merchandise, were obliged to sell through branch agencies, and were completely dependent upon the branch managers and their salesmen for success.

The earliest conventions on record among these and other concerns have usually been more or less of a junketing nature, without any real value for the business. This was necessarily so until more experience was secured as to the proper method of getting value out of the convention. And while many conventions now held are still of this nature rather than the more scientific type, the tendency

is rapidly growing to make such conventions more business-like and effective.

Various elements have been put into the convention idea which have made it much more valuable than was originally intended. One of these elements is advertising. The other is schooling and instruction for salesmen in a way not heretofore thought possible in conventions.

With respect to the advertising to be secured, this has been accomplished by running special trains with streamers along the side from various places to the convention point, and also by using display advertising in connection with the convention, and thus to impress on the general public as well as the trade, the bigness of the organization and the importance attached to the convention. In some cases, such as the National Cash Register Company, newspapers or periodicals have been issued and publicity matter passed off the special trains along the line.

132. Illustration of Exceptionally Elaborate Convention. —As an indicator of length to which some large firms go in stressing a sales convention, the following description of arrangements of one held by a famous company will suffice:

A tented city was put up with very comfortable tents of the latest construction for the men. The city itself was laid out in streets with proper numbers and with walks running between the tents. At one end of the field was a splendid series of shower baths, piped for hot and cold water, lavatories, a very comfortable barber shop, with a complete outfit such as you would find in a very well regulated hotel. A dining tent, splendidly equipped, a lounge tent, filled with easy chairs and couches, post office in charge of an official, with boxes just the same as a regular post office—a box for each man; a properly equipped telegraph office; a tent equipped with a dresser for each man, with toilet articles on the dressers. Long before the men

came to the station their baggage was delivered. A laundry system, a lecture tent, with stereopticon and motion pictures, electrically lighted, were operated. The camp was situated out in the country miles from the factory. It was the most amazing thing that the men who attended it had ever known and of course it left an impression upon the men which brought increased efficiency in selling. It is true, however, that such extreme elaboration is only in rare instances a wise expenditure.

133. Making Conventions Profitable and Practical.—Convention planning is a special technique in itself which has grown rapidly in recent years, and there are now men who specialize in this work. It is realized that the expenditure of so much time and effort (conventions cost from $2,500 to $100,000 or more) warrants great care with details. A poorly planned convention may do more harm than good.

The time is passed, so far as well managed companies are concerned, when sales conventions are held annually or semi-annually just because so much time has elapsed.

The success of a sales convention depends primarily upon the definiteness of purpose for which it is called, and secondly upon the efficiency with which the program is carried out to secure that purpose. Definiteness of purpose makes for efficiency of method, particularly if the salesmanager in charge of making up the program will check every detail by asking, regarding each, these two questions: first, is this the thing to do to get the desired result; second, is this the best method of doing it?

The paragraphs to follow will give specific advice on the various methods of making a convention produce value.

As a clincher for the practical value of sales conventions, it is often advisable to put salesmen and district managers on record as to the volume of sales which they will voluntarily guarantee during the coming year. The proper method applied and the stimulus of rivalry aroused

by personal contact with the other district managers, results frequently in a very effective lining-up of sales possibilities for the coming year.

134. Correct Physical Arrangements.—It is highly essential to sales convention success to provide wisely for the physical comfort of the salesmen while in attendance.

The right sort of meeting place must be provided. The chairs should be comfortable and there should be sufficient room. Two of the details essential to a successful meeting are: first (commonly overlooked), the need for adequate ventilation, and second, good acoustics. Fresh air is absolutely essential to clear thinking. Every man needs on an average fifty cubic feet of fresh air per minute. From this as a standard it is easy to compute how many cubic feet of air will be needed and how much air space and air current will be required to supply them with fresh air and to remove the vitiated air.

Hotel quarters, guides when necessary, careful instructions as to what to do, copies of the program where these are prepared in advance for distribution are necessary details.

The room needs to be properly heated; there should be pure drinking water provided. Experience shows that drinking fountains are the best arrangements so far devised for use where large groups must be served, but if fountains cannot be had then drinking cups should be supplied in sufficient quantity. Proper ventilation, heating, and plenty of good, cool, but not iced, drinking water are all more important to the success of the sales conventions than most people think.

Some one should be placed in charge of all preliminary arrangements for the meeting. This is not a task for a "committee on arrangements," but for some one person who can specifically be asked to see that everything is done and that all things are in their proper places before

the meeting begins. For example, all signs, decorations, bulletins, etc., should be posted. Chairs and desks should be in their places. There should be some means of calling the meeting to order promptly by some easily recognized signal. All exhibits, demonstration apparatus and other material that is to be used in the convention should be in their places when the meeting begins. There is no excuse for delays occasioned by lack of note paper, of samples inadvertently left in somebody's office that should be in place.

135. Promptness and Dispatch.—The first rule is to begin on time. Every minute of the convention is extremely valuable. How valuable it is may be determined by computing the salaries and daily expenses of all of the men in attendance and reduce this to a cost or value-per-minute basis. From this it will be easy to see how much is lost even if the convention begins only fifteen minutes late. Beginning on time sets the right example for the salesmen, besides making it possible to carry out the program on schedule time.

As a rule, it is advisable to strike the intended keynote of the convention in the first few minutes of the meeting, to tell the members what the meeting is for and from that time on to deliver the goods, so to speak, as directly as possible in accordance with the aims outlined in these first few minutes.

Frequent recesses of two or three minutes are valuable. At such times it is a good idea to have the salesmen get up on their feet, stretch or take some form of calisthenic exercise that can be directed from the platform.

The meeting must be kept moving from the time it starts in session. The salesmanager should keep his hands on the situation all of the time. There will be abundant temptations for him to be led away from the meeting to discuss this or that matter, all of which are likely to lose

for him the contract that he should keep. The salesmanager, as chairman of the meeting, should be absolutely fair at all times and never be guilty of partiality in any form. The man with an objection should be met in the most tactful manner possible; it is frequently best, instead of attempting to answer the objections raised by men, if there are such, to get the objectors themselves to formulate their own answers and then to follow them up by getting the other salesmen to work on the objections. An attempt to sell or convince the objector of his error before all of the salesmen frequently ends in the salesmen fighting back, remaining unconvinced, or in a wrong impression gained by a number of the men in attendance.

136. Importance of Food and Drink Problem.—Careful attention should be given even to planning the meals for the salesmen while in attendance. The common evil at times of sales conventions is overeating. The companionship of other vigorous men, the good fare offered in the hotels, the hospitality of the company, all contribute to this result.

Salesmen as a rule are active men, and in a convention they are required to sit still for hours at a time and without exercise. The result is that the overeating leads to poor physical and particularly sluggish mental condition. Thus, just when you want your men to be in the livest, most receptive mood to the ideas you have to give them, through a detail of bad planning, namely, wrong food supply, you find the men sleepy, complacent, conservative, non-aggressive, and without fire and pep.

As for alcohol, the day of the "wet" convention has passed by. The salesman who drinks cannot be an efficient salesman, nor can he be depended upon. These facts being well known, there is little excuse for any departure from this rule of temperance at sales conventions.

At convention time the salesmen get their impressions

of their employers. With that in view can any sober, hard-working salesmanager afford to "fall off the water wagon," so to speak, in the presence of his employees, when he should indicate to them by his every action the earnestness and intensity of interest he feels in his work and the need for sobriety?

Incidentally, it may be desirable to have some lessons presented to the salesmen on the subject of personal physical efficiency. An address from an able physician upon this subject will ordinarily receive much closer attention than the same remarks would from a member of the company.

137. Making a Successful Program.—Every subject to be presented at the convention needs to be fully outlined and prepared in detail considerably in advance of the meeting. In most cases the salesmanager will find it best to define very fully just what he wants each person designated to take part to do on the program.

Every person participating in the meeting in any way should be fully sold in advance on what the salesmanager wishes to accomplish, and in this connection it may be frankly stated that it is often harder to sell the officers of the company or heads of other departments than any other group of people. There is rarely that unity of interest and purpose of sales meetings that there should be. It is not to be understood that this lack of coöperation where it occurs is intentional. On the contrary, it is due almost wholly to a desire to help, but not knowing just what help to give, the effort is misspent in every direction.

The meeting when once called should move forward in an interesting and sprightly manner. Many suggestions will ordinarily need to be given to the persons who are participating in the program, regarding the necessity for eliminating all long-winded preliminaries, all self-laudation, personal bouquets as well as individual criticisms.

One of the most common evils in most conventions is the fact that many persons who enter into sales discussions, as well as the speakers upon the program, do not make themselves heard to all members in the convention hall. Every effort should be made in advance to impress upon the speakers the need for talking loud enough. Instruct the speakers to make themselves heard by the men in the last row.

The question of introduction of speakers from the outside is important, and is usually a good thing.

New movements in marketing methods, illustrations of what is being done in other companies, and many other subjects of value to the salesmen may well be presented by persons from outside of the organization, by men who are qualified by experience or study to speak as authorities on these subjects.

It is, of course, essential that the outsider should have a message that will help to carry out the purpose for which the meeting was called. Before placing such outsider's help on the program, it is imperative that the salesmanager should clearly know what will be presented and how, so that he can, by his own follow-up, fully cash in on what is presented by the specialist.

CHAPTER XVII

MANAGING SALESMEN'S TEMPERAMENTS AND HABITS

138. The Salesman Type of Mind and Its Needs.—Practically all salesmen, certainly all average and lower grade salesmen, need to lean on some other individual for strength and management, not alone for the operation of their sales work, but also for their problems of personal life. Their emotions are almost invariably involved in their jobs and in their superiors; if they are not, their work is not likely to be up to par. Their ambitions, their home life, general habits and state of mind are of very definite importance to the firm and bear an unmistakable relationship to their sales performance.

The most certain way to failure in managing salesmen is to ignore this personal and temperamental side of the men. The greatest success in management of salesmen is usually achieved by big-hearted, manly "men's men," who also combine with these qualities exact justice, penetrating analysis of human nature and an optimistic temperament. However, as this type of salesmanager is frequently deficient in the analytical merchandising knowledge necessary otherwise in salesmanagement, it is often advisable to employ *a manager of salesmen* who will be under the salesmanager and have nothing else on his mind but the study of the personality and development of the salesmen individually.

The very fact that a man 30 years of age or over is a salesman indicates certain tendencies of mind which call for supervision. It is a saying among salesmanagers

that the moment a salesman ceases to need management he is ready to be called in for a bigger job; therefore, in a sense salesmen are incomplete characters, or highly specialized characters, calling for unusually sympathetic treatment and constant individual attention and study.

Leading something of a nomadic life, concentrating day after day upon people who resist his arguments, and being away from normal social life, a salesman is somewhat of an actor and an unnatural individual in presenting his proposition. He endeavors to adjust himself to the particular whims or moods of the prospect he calls on. He is forced to subdue his real personality, his real thoughts and feelings. The new conception of salesmanship is getting away from this unnaturalness, yet at best, it is a sort of Dr. Jekyl and Mr. Hyde existence, sure to have an effect of lack of balance on himself and to require a more normal individual to closely supervise him; not as a critic and work driver, but as a friend and healthy counterbalance. Recognition of this purely personal balancing function by a salesmanager is highly essential.

139. Development and Maintenance of Self-Faith.—The outstanding fact about salesmen is that they must believe in themselves to an unusual, even almost to an egotistic extent. The story is told of a salesman on the witness stand who, on being asked if he thought he was a good salesman, replied that he was one of the best in the world. "Are you kidding yourself or the court?" jested the opposing lawyer. "I am on the witness stand under oath, and I will not perjure myself with any other estimate of myself," was the salesman's facetious but semi-serious reply.

It is the task of every salesmanager to carefully awaken and preserve in all salesmen their own self-faith.

If a salesman *thinks* that he can do a certain thing, it is more than half done, but so long as he has even a remote

idea that he cannot do it, it is a moral certainty that he never will.

It is naturally of first importance to watch in each salesman the status of his self-measurement. Some men are too modest. An excess of modesty is usually a fatal barrier to selling success—far more so than an excess of self-esteem. The reason is that people look to the salesman to provide not only his own estimate of the merchandise but also his own estimate of himself and the worthwhileness of talking to him. His personal vanity in his clothes, manner, speech and person has intimate relation to his self-esteem. It is an important indicator, also it is a means for the development of pride and self-faith. There are many salesmen who before tackling a "tough nut" customer will "blow" themselves to a new coat, suit, hat or other piece of apparel as an aid to their "nerve."

The secret of well-maintained self-faith is that *some evidence of success must be coming along continuously.* Salesmen of the average kind are not long-distance champions; few can hold out without a taste of some decided success at least once each thirty days. The salesmanager who is wise will see that once at least in such an interval of time something occurs which will encourage self-faith in each salesman. No salesman can withstand for long a bombardment of demands and cold scrutinizing analysis from his superiors unless he is making good unmistakably; and as he usually gets such treatment only when his record is doubtful, the first thing that happens is the fatal thing—loss of self-faith. Greatest faith in a good salesman should be displayed at his weakest hour of performance, and should be shown, not as mere blind trust, but in form which provides material for the salesman's own renewal of self-faith. Judicious praise for a minor detail, good-natured raillery or judicial expectation and confidence are effective.

140. Adjusting Salesmen to Organization Work.—Salesmen are not fundamentally organization men. It is a rare exception when a salesman is a good organization man, and it is perfectly natural that he should not be. There is little in the traveling salesman's life conducive to either system or organization. Many men have chosen it because it gives them a sense of freedom, and it is difficult for them to reconcile this desire for freedom with the restraint of organization. This condition should lead to using more temperate and indirect methods toward salesmen than is necessary toward either the inside office or factory organization.

Salesmen chafe under discipline. As the business grows in size and the work on the inside is subdivided into a variety of departments, each considering its particular duties of prime importance, the salesman, who in a sense represents each department in his territory, is often deluged with mail, some of which is bound to be interpreted as conflicting. He is slow to see organization purpose back of it and is inclined to resent this multiplicity of instructions. This is particularly true when instructions are received from individuals that the salesman is not personally acquainted with.

This suggests the need in business of selling completely the service of each department so that the salesman will see to an extent at least how each fits into the general scheme of things. He should be taught the necessity for subdivision and departmentizing of work on the inside—that it always leads to greatest total efficiency from a company as well as an individual standpoint. An explanation occasionally of these fundamentals of business removes suspicion from the salesman's mind and places him in a more receptive mood to coöperate.

This point also suggests the importance of subduing or at any rate minimizing the correspondence with salesmen.

There is a plan used in some organizations of clearing instructions to the salesmen from all departments through a separate individual or at least through the Sales Department only. This eliminates conflicting correspondence and tends to cut down unnecessary letters to salesmen.

Sales conventions and sales schools—subjects elsewhere treated—are also important instruments for building up the knowledge of organization in salesmen. Not the *technique* of organization, but the *spirit* of organization is important.

This spirit of organization consists of an attitude of mind, which in a salesman is at its best when it is partly personal loyalty to the head of the house or to the sales-manager, and partly genuine enthusiasm and belief in the desirability of the merchandise and the correctness of the sales campaign plan. System, routine and mechanism of all sorts are valuable only to a certain degree which should be shrewdly sized up at the outset in relation to the plan and the personality of the salesmen.

Salesmen must never be regarded quite like the rest of the organization in respect to organization, because while all the other workers are dealing with physical things that can be touched and seen, the salesmen are dealing with the intangible, and are, in a sense, creators of something which did not before exist. They need to be regarded in the light of creators rather than as routine workers, and as creators they must be burdened with an absolute minimum of detail. The aim must be to *increase* their time at the real work of argument, persuasion and presentation, and *decrease* their time at all else.

141. Overcoming Too Great Obsession by Competition.—Salesmen are likely to be over-disturbed by competition. It bulks up large in their minds for the simple reason that it is the most frequent reason given them for not obtaining an order; also the most simple explanation they can make

to themselves for lack of success. The grass always looks greener on the next hill; the competitor seems always to a salesman to be a bit more dangerous than he really is. An amusing proof of this is given by a well-known sales-manager, who relates:

"When I was in the paint business I used to call on our agents, and I got the impression that as a whole they were dissatisfied and were quite enthusiastic about our competitor's line. Later I changed to another line and, strange to relate, when I called on those same dealers they were so well satisfied with the brand I used to sell that they could not be moved."

Salesmen do not analyze all this, and they readily get the impression that competition possesses non-plussing specific advantages and is making great inroads. This impression can be corrected by frequent cool analysis with the men of the points of competition, and the relative general status of the concerns. If such relative status is unfavorable to the house, the work of building a right attitude among salesmen is especially important. Salesmen who must face the competition of a larger and older house, a house able to spend more money in sales development, and perhaps even rendering a superior article or service, deserve the very ablest salesmanagement possible if they are expected to succeed. That they do often succeed is due to the spirit and attitude of mind which can be developed through wise handling of competition, a spirit of dare and contest which is actually heightened by the presence of heavy odds.

The prime element of success in such an effort to drive fear of competition out of a salesman's mind is the appeal to the latent fighting spirit in every man. Not an open destructive warfare on competition, but a spirit of contest and of merit matched against merit. This spirit is easily carried too far, but it is a deep-rooted male in-

stinct not to be overlooked. Of greatest importance is detailed understanding and comparison of the goods coming into competition, and concentrated emphasis upon the superiorities or exclusive features of the article.

142. Correcting Erroneous Notions That Salesmen Develop.—It should never be held against salesmen that they develop "notions" and become hypercritical of the house's policy, etc., because it is only human that some of the opposing arguments they hear daily, far away from the original source of reassurance and information, should stick in their minds and have an effect.

A most common instance is that the salesman feels that his prices are too high. He gets this idea because every buyer tells him so; tells him how much less expensive competitive products are. He does that because he is a good buyer. A salesman hearing this from day to day is bound to get the idea that there is something in it, and then he gets the feeling that his is a high-priced line; that he is handicapped. Live salesmanagers watch this point sometimes from a question on the call report reading, "Why didn't he buy?"

By taking all these reasons from all of the men and distributing them under territory captions, an analysis will show what, in the mind of the salesman, is standing in the way of his getting business. It tends to show the mental hazards that obstruct the progress of salesmen and gives a cue to the salesmanager as to the kind of attention the particular salesman needs. So far as the totals are concerned, a report of this kind shows the tendencies as a whole. Such a report is a pretty good barometer to show the necessity for changes in policy and methods.

The Beaver Board Company once had an unusually good illustration of the extent to which salesmen allow themselves to be disturbed unnecessarily by competitive prices. As a result of an insistent demand by its salesmen for

a cheaper product, it put out a board very similar to a competitor's at a price five per cent less, or about twenty-five per cent less than the price of Beaver Board. When this was offered to the trade it was slow to buy it, and rather showed preference for the trade-marked, well-advertised Beaver Board at the higher price. Sales on the low-priced product were very small comparatively; it has been withdrawn from the market because salesmen found that it was not the big factor they had anticipated.

But there are many other notions developed by salesmen besides the high price bugaboo. The next in importance and frequence is dissatisfaction with the product. They want further models or styles or grades—quite naturally, since there are always customers desiring individual special merchandise off the standard. It is exceedingly hard to get the selling type of mind to appreciate the manufacturing folly of too many styles and models. The salesman's chief thought is to please each customer and to sell just what he wants. The war-time experience among manufacturers of all types in reducing models and styles will eventually go a long way toward eradicating this notion, but for a period of years it will nevertheless be a more prominent factor than ever just because of this drastic reduction. Only a limited amount of argument on the subject should be indulged in; it is a good rule to do as little arguing as possible over absolutely fixed policies.

Salesmen who have worked for other firms, especially firms in the same line, develop prejudices and notions which are especially hard to eradicate. For this reason some firms have a policy of refusing to hire salesmen who have sold the same line of goods before.

Salesmen also get into the habit of evading certain trade that they don't like. They may have some personal grievance or they may just be prejudiced against the personnel. Of course, a system of checking calls against lists

of trade shows this up. In cases of this kind it is necessary to be firm and in some cases send the man back to the town, or, if possible, go back with him in order to get this prejudice out of his mind.

Salesmen sometimes feel that they ought to favor their trade as against the interests of the house. They want to give unnecessary datings, advertising concessions, or if prices are advanced they want to let some of their customers in at the old price. A case in illustration: it was decided at a sales convention to advance prices without notice, and a really good salesman went out and wired a number of his best customers and received large orders from them. He was a good salesman, but had never been completely sold on the idea that the house should have first consideration. To overcome this prejudice is largely a matter of education. The salesman must be drilled into the delicate state of balance whereby he sees that although the interests of his customer are paramount in general, his first direct allegiance is to his house.

143. Wrong Traditions and Superstitions Among Salesmen.—A great number of traditions and even superstitions are current among salesmen. This is natural in a business dealing with the intangible, and in a profession just evolving some degree of organized knowledge. Many of these traditions and superstitions are heresay, "hunches" and hidebound beliefs and omens, but others are the relics of teachers and writers on salesmanship in the period now happily passing when many peculiar notions were held about salesmanship.

Still others are merely the natural outcroppings of the salesman's type of mind, reactions to his job which proceed from selfish or ignorant or misguided motives. Some are conscious and openly spoken about among salesmen, others are unconscious. For instance, the tradition about working on Saturday. It has been impressed upon them by

hearsay and by willing belief that you can't do business on Saturday. In some lines it is true, but in most lines Saturday is about as good as any other day. A salesmanager who makes that plain to the man when engaging him can often cure it. A personal demonstration by the salesmanager should certainly do so.

A tradition that has been handed down among salesmen and which has the support of some salesmanagers is that a salesman when he had made a sale should make a "quick get-away." This is incorrect, particularly in a line that must be resold or where its proper use is an important factor.

The theory is that if the salesman remains after the sale actually has been consummated there is a danger of the customer reconsidering and cancelling the order. As a matter of fact, if the prospect has been properly sold there is no danger, and if he hasn't been properly sold it is better for the house that the order be cancelled than that a disgruntled customer be added to the list. If the house takes a firm stand in matters of this kind it will lead to the salesman spending enough time with his customer after the sale has been made to thoroughly educate him and his subordinates in the talking points of the product, and the proper way to use the service features.

One of the worst of the unconscious tendencies from a result standpoint is that men slow up sometimes because they feel they have enough business. Many men go along at a fine pace for about three weeks during the month and then fall down. It is largely a mental condition—a condition of self-satisfaction. Commission men are especially amenable to this trait, proving that even the financial incentive is not sufficient. If salesmen are made to feel that they are working by week rather than month they get into the habit of thinking that they must make a showing within the week rather than within the month.

In a period when more and more women are in business it is well to speak of another sharply marked tradition or superstition, that of not desiring to sell to women. Salesmen are fairly unanimous in this—they do not like to sell to women. No doubt women, being by natural training closer buyers than men, are hard prospects, but there is no reason for believing that as a class they are to be avoided.

Some salesmen have a superstition that they know instantly on beholding a prospect whether or not they can sell him, and some salesmen—especially book salesmen—actually leave a man without further ado after having made this snap judgment. Others less extreme have a notion they can tell after the first three minutes whether a man will ever buy.

"Hunches" and superstitions based on the physical appearance of a prospect are also common, and are barriers to business rather than helps.

There is another tradition which may very easily shorten a salesman's day. A man is supposed to be in a more genial and receptive mood after his noon meal, and big deals are sometimes delayed with that advantage in view. But valuable mornings are thus given less value as noon approaches, some men allowing themselves to put off important calls until afternoon, whereas the longer mornings are of much greater importance.

Still another "time" superstition is that of holidays. A well-known salesmanager relates: "One of my best salesmen from a Coastal territory surprised me by arriving in New York about a week before Christmas with the excuse that he had placed all possible business and could not secure attention so near to the holidays. I had an open territory which included Washington, and under plea that I wanted him to show an Eastern traveler that he could sell goods equally well in any territory I sent him to Wash-

ington. That city had been a difficult prospect, but I wanted him to get out of the notion that goods could not be sold during the very busy season. In three days he 'cleaned up the town' and placed more goods than had been sold during the entire year. At my convention of salesmen in the following January, I used the incident as a very strong proof that determination to sell is a habit of the mind and that sales are possible whenever and wherever a man has the will to put them over.''

144. Dealing with the Question of Drink and Over-Fondness for Women.—These being the typical male vices, they are ever-present in sales organizations. The life is peculiarly open to just these temptations. The need for a policy with regard to them is soon made evident in any organization employing a number of salesmen.

As for drink, the testimony is fairly universal that a man who for a period of years has let liquor interfere with his sales work, either regularly or spasmodically, is hopeless so far as real reform is concerned. According to the nature and temperament of the man he will keep to the straight line for a period, long or short, but he will get back to it again sooner or later. Many splendid salesmen have, of course, been saved from this ruin by the vigilant efforts and interest of a good salesmanager, but the work is often disheartening.

Now that prohibition is in effect, the probable tendency will be to remove temptation to a large extent, principally by making drink available only by the tedious backdoor route. The treating habit and the enticement of luxurious bars in hotels have had much to do with infecting the sociable salesman type of mind with the drink germ. Salesmen who habitually drink—and this means if they drink more than a very little indeed—are more and more refused any jobs whatever, on principle.

The question of women is considerably more delicate and

different policies are pursued, according to the personality of the salesmanager. Some ignore all private life matters, others vigorously interest themselves, in the spirit of a father and his family of sons—in the relationships of their men. They bring together unhappy man and wife in a fatherly way; reason with men who are known as habitual "chasers after women." Men who get into trouble over women sometimes greatly need and respond to help from a salesmanager; and those who are habitual in their undesirable habits with women are best handled by placing them to the largest possible extent in association with men who do not have such standards.

145. Salesmanagers and Their Attitude to Habits and Superstitions.—Nothing has so far been said about the habits and traditions of salesmanagers, which must necessarily radiate from the House to men on the road. These are sometimes even more harmful to a business, because they must be accepted in the guise of policies and instructions, and often there is no one in sufficiently high authority to exercise control over them. It behooves the salesmanager to examine his own traditions and habits of mind. It is well that he should put the acid test on customers and policies which he has brought with him from former business connections, and carefully weigh them against the needs and opportunities of a newly adopted business and a different grade of salesmen. A salesman with superstitions hurts only the work of one man; but a salesmanager with prejudices, set habits of thinking and superstitions greatly harms his men and his firm as well.

There are many road habits which are based on self-indulgence, love of comfort, and exalted sense of privilege, all of which are hard to combat. The conditions which give rise to such habits are often found to lie so closely to sound justification that the arguments advanced in de-

fense are stronger than the salesman's willingness to correct them.

Custom, unchecked, becomes habit, and habit soon settles into tradition. Most salesmanagers follow custom in dealing with road traditions common to salesmen at large, and are disposed to remember the days when they themselves were jealous of personal privilege. But when traditions come closer home, and the welfare of a business is affected by laxity of method and dullness of instinct, then heroic treatment must follow proper diagnosis, and corrective measures cannot be too firmly enforced.

CHAPTER XVIII

SALES SCHOOL AND TRAINING METHODS

146. The Reasons Behind Intensive Sales Training.—Sales executives who have no special methods of training their salesmen are often greatly astonished and chagrined when they have an opportunity to hear their men talk to a prospect. The lack of knowledge of the goods of the house and even of sound principles of selling are often appalling. This can be demonstrated very easily by a simple test. Have one after the other of the salesmen come into the office and demonstrate the firm's goods. Have a stenographer take down what each says. It is the exception to find that the salesmen of any house will agree either upon (1) the names and terms used, or even the uses and functions in describing the goods; (2) the points which should be stressed most, or (3) the best general arguments for purchase. Furthermore, their fundamental knowledge of argument, demonstration or the other elements of good salesmanship will be found either (1) to be greatly deficient; (2) to be garbled and carelessly applied; (3) to be robbed of value because of emphasis in wrong places and lack of emphasis upon others.

In view of this condition it has for years been recognized to be important to train salesmen, almost if not quite in the sense of schooling them. When this idea was first applied, it naturally ran to an extreme. Every word and gesture was standardized until salesmen were mere parrots or talking machines. Modification of this idea has

come about, so that individual treatment is regarded as important; but general sales training is nevertheless regarded as essential.

The need for schools for salesmen, which is now felt among a great many lines of business, may be said to spring from the following conditions:

1. The passing of the day of pure personality as equipment to get business; the realization that salesmen are *made,* not merely born.

2. The more scientific purchasing attitude among business men of all kinds.

3. Closer competition, requiring more definite detailed knowledge of a sales proposition.

4. Larger organization of salesmen becoming unwieldy and without unity, unless centrally trained.

5. Greater appreciation of the reality of the good-will value of well-defined house policies, which cannot be upheld except through systematic drilling of salesmen.

6. Appreciation of the many kinds of knowledge which are valuable and applicable in sales work.

7. Consideration of the fact that young salesmen need a reservoir of personal inspiration and development to draw upon, and that a sales school makes such a reservoir.

8. Realization that with a standardization of the sales arguments and methods, salesmen can greatly increase efficiency.

9. The fact that sales schools are an interesting means of getting various valuable things done at the same time—such as judgment of personal character; diplomatic training in minor details, checking up of branch sales work, etc.

147. Why More Sales Schools Have Not Been Established.—As there are not a very great many sales schools in operation it is pertinent to inquire why there are not more in existence:

1. Because they have been thought too costly.

2. Because they have been thought too difficult to operate satisfactorily.

3. Because of the practice of many salesmen of getting the training and then going somewhere else at higher salary on the strength of it.

4. Because of the idea that the schools were apt to be impractically adjusted to real sales work and not a paying proposition.

5. Because of the difficulty of getting good men to run the school.

There are now, however, bound to be many more sales schools, since the greater need for salesmen makes necessary, on the one hand, the active development of many additional salesmen, while, on the other hand, the increased high standards desired among salesmen will weed out others who will need to be replaced. Y. M. C. A.'s, colleges and high schools are giving much attention to classes in selling, and provide good, reliable, raw material for further intensive training in a firm's own methods and standards.

Sales "schools" may be of many kinds and degrees—from a full-fledged school, complete in grades and details, to merely a Saturday afternoon-get-together, a correspondence course from the home office, or a week's trip to headquarters.

148. Preventing Sales Schools from "Pauperizing Salesmen."—An objection to the school for salesmen idea is the danger of pauperizing the salesmen. This means that salesmen are likely to acquire the habit of getting things for nothing from the company and they will be more or less demoralized in the long run. This objection has to be met by careful preparation. The salesman should be made to pay, in some way, for the things the company does for him. The methods of making him participate in the cost of making him a good salesman are interesting.

One method is to require him to buy for himself certain books which are used in the course of instruction. Still another method is a direct assessment upon each salesman for the maintenance of the general school, so that the school itself, to all intents and purposes, is run by the salesmen themselves. This can be done more nominally than really, for in actuality the firm is the real support, simply allowing the salesmen to contribute to a very large degree.

In fact, the plan of making the sales school a goal to be achieved rather than a routine forced upon candidates is valuable from two points of view; (1) it whets the appetite for the thing, and (2) it holds back those who would gain a good firm's sales training only to leave when it is finished and connect elsewhere.

The National Cash Register plan has much to recommend it in this respect: No salesman is permitted to get the advantages of the school unless he has shown some preliminary ability on the road under a trained salesman.

The principle that people never appreciate what they do not at least partly pay for holds good of sales schools.

149. The Type of Instructors Necessary.—This is, of course, one of the most important elements, on which depends success or failure in sales schools. The word school is really unsafe to use in connection with sales training, because it works harm on the minds of both the instructor and the students. The methods of public school teaching are in the main inapplicable to sales schools, and for this reason it is a very dangerous experiment to use a schoolmaster type to teach salesmen. In the usual school teaching methods not enough attention is paid to individual developments, whereas in any school for salesmen this must be the principle most strongly stressed. Not only must the methods and principle of teaching be correct in such a sales school in order to get results, but the personality of the teacher must be of the right kind, as students of

salesmanship are naturally in a receptive state of mind and are easily influenced by the type of personality which directs them. There is usually a predominant streak of the feminine in a great many of the men who are available to act as teachers, and quite as often, in addition, they are somewhat colorless in personality and do not incite their students to initiative, individuality and enthusiasm. It is a necessity in a teacher of a sales school that he must be able to inspire a moderate degree of enthusiasm, and to have enough of personal magnetism to induce a similar magnetism in those under him by careful treatment.

Naturally it is too much to expect to get the most highly successful salesmen to be teachers, consequently it would be foolish merely to make teachers out of good salesmen. The ability to impart information and to conduct a course of study in a manner that gets over, is a technical ability of some proportion in itself. In fact, it is dangerous to permit any one man to handle the entire work of a school, simply because no one man can possibly be the rounded personality which a school aiming at ideal sales ability would require.

The best method is to have as good a teacher as it is possible to get, and then, in addition, bring in for special lectures or talks officers of the company, the salesmanager, the president, etc., also selected salesmen from the staff, and also sales counselors or specialists or good talkers on selling from any outside source. Until a good man to operate a sales school is secured it might just as well not be started.

150. Methods and Curriculums.—What the students of a sales school are to study is necessarily of extreme importance. In past years before sales schools were better understood, much nonsense passed as instruction in selling. Ofttimes all that the course amounted to was a hip, hip,

hoorah style of enthusiasm, development of the old-time hypnotic notion and standards of salesmanship, with some special "hunches" and superstitions with regard to how to size up your prospect, etc.

The increased knowledge of selling has necessarily broadened the curriculum of a sales school. It has brought out the fact that various branches of special study are necessary if salesmen are really to be properly trained. Among the subjects which now constitute a logical line of study for salesmen are:

1. General business principles.
2. Advertising.
3. Retail selling.
4. Record keeping.
5. Organization.
6. Credit.
7. The product.
8. Psychology.
9. Voice and expression.
10. Hygiene and health on the road.

An analysis of the above ten subjects for general study at a school for selling will make clear the breadth of knowledge which a modern salesman requires and which really almost compels the existence of a sales school if the average run of salesmen are to be brought up to a high grade of ability. Few average salesmen are thoroughly up to date on all of these subjects, even though they have fairly good knowledge about them. Progress has been so rapid in all of these branches of knowledge, that the average situation, even among the better grade of salesmen, is that they are not up to par. There is an impression among salesmen that only the younger or beginning kind of salesmen need a sales school. The best practice is that every salesmen is assumed to need the

school training, and one of the best methods of treatment of a school is to have the officers of the company themselves set an example by taking the course at such a school, in order to demonstrate that it is a mere matter of routine for bringing everybody up to date, and that it is far from an admission of weakness to take such a course.

The general paraphernalia to be used in a school has also some importance. The National Cash Register Company has made famous its system of charts for the walls of the school, so that every important point that is to be made is put in graphic form on the wall so that it can be imbibed through more than one of the five senses. A graphic chart, especially if it shows forms, diagrams and pictures, is immensely valuable. The stereopticon is also valuable for just this purpose. The National Cash Register Company has also advanced this theory to the highest degree by placing before salesmen an actual replica of a grocery store, and going through an actual sale in this store upon a stage with actors.

As for the time in which a proper curriculum can be covered, this varies of course with the nature of the business and its complicated features. From four to six weeks, however, is universally regarded as a sensible length of time.

151. Examinations and Certificates of Passage.—In schools where a number of subjects such as are listed above are covered, it is usually the best policy to have examinations immediately following the conclusion of the study of this branch. The examination is conducted in usual school fashion, in the form of a combination of questions testing memory, and also a thesis which will record the mental grasp of the pupil on the subject in general.

The pupil who fails to achieve a certain percentage—say 75%—is obliged in the best schools to go over that branch again as a special duty without stopping the study

on the course which is to follow, until he has caught up and increased his standing. It is well to point out, however, that the percentages attained by students are not wisely used in determining the status of the candidate in his ability as a salesman. Experience has uncovered the fact that many who make fair or average percentages in examinations are ofttimes better salesmen than those who make high marks. An examination percentage must be regarded merely as one indicator of ability.

As for certificates of passage, a diploma seems to be not altogether in favor, but a card for passage is usually furnished.

CHAPTER XIX

SALES STRATEGY

152. The Right Definition of Selling Strategy.—There is a vagueness about the term "strategy" which makes for lack of appreciation of it on the one hand, and an overrating of it on the other hand. It isn't craftiness or cunning in any illegitimate sense; it is a logical and necessary tool for working with selling factors as they exist. Properly and correctly defined from the dictionary, it is the use of finesse to accomplish an object; and the use of finesse is, after all, but an artful use of the factors of human nature, circumstance and place.

Sales matters very frequently indeed "turn upon hairs." Moods, manners, events, states of mind, weather, vanities, passions and instincts all make up the mass of resistance, which must be influenced and moulded, in dealers, jobbers and consumers, for to such an extent is selling a matter of intangibles. Not only conscious resistance but unconscious resistance is met with; much of it so strong and stubborn that it would be fatal folly to endeavor to make a direct frontal attack. It would no more be successful than endeavoring to sail a boat "in the teeth of the wind." Tacking is merely practical, necessary nautical strategy; similarly many sales campaigns must be zigzagged to success with strategy.

Thus the term strategy as here used denotes all those very real factors in selling which are diplomatical, political, psychological, and which call for experience in life,

affairs, human nature, basic economic laws, averages, probabilities, patience, offensives and defensives, circumlocutions and analytical foresight.

153. The Various Kinds of Strategy.—First of all, there is a broad and a narrow conception of strategy. There are many people in business who use a very narrow conception of strategy, more on the order of expediency than broad strategy.

An example of the use of broad strategy is the case of the Standard Sanitary Mfg. Company. When that company made up its mind to sell America a large volume of bath tubs in the face of a slow market a decade or two ago, there were a great number of plumbers in the business who couldn't even install a bath tub. They knew nothing of modern plumbing sanitation science. Plumbing as understood nowadays is a rather complicated engineering proposition, but this evolution did not take place until the Standard Sanitary Mfg. Company had spent hundreds of thousands of dollars to educate plumbers in a course of instruction delivered by mail. An educational campaign for higher technical standards among plumbers was a great success. The result was that they were able to sell bath tubs and bath fixtures in the right manner and develop a large market for their product. That was broad strategy; an example of looking ahead many years; something which has brought permanent dividends to the company.

Narrow strategy, on the other hand, deals with something that will be of advantage to-morrow rather than fifteen years from now. One might call the two kinds long time and short time strategy. The short time strategy is careless of basic conditions, operates on the surface and with little information or principle or policy. If one is out for profit now at the expense of the future, or if one has no care for the cultivation work needing to be

done to-day in order that larger business is to be reaped to-morrow, long time strategy is of no interest.

The more technical classifications of the different varieties of strategic policies or tools available are:

1. Strong direct action.
2. Indirect action.
3. Secret action.
4. Complicated series of moves.
5. Confusing or feint moves.
6. Wedge action.
7. Defensive action.
8. Educational strategy.
9. Time annihilation strategy.
10. Good-will strategy.
11. Distribution strategy.
12. Domination strategy.
13. Caveat strategy.

154. Direct Action or "Offensive" Strategy.—The most simple form of effort against an opposing force is mass numbers, and brute force. It is of very great strategic value at times. Here is an example: Years ago Hood's Sarsaparilla was caught in a peculiar situation. A small competitor had discovered a sales plan which was "burning up the country" with success, and the Hood concern wondered how they should meet the situation. The line of strategy finally decided upon was to take the plan right from that small competitor's hands. The plan the competitor used wasn't a patented plan of any sort, but merely a good piece of strategy. The Hood people didn't allow it to get very old. The moment they decided it was good they took that piece of strategy right out of the hands of the small competitor and developed it. They improved it, enforced it, featured it, and used all their force behind it, and did in a big way what the small competitor could do

only in his small way. They got all the credit and most of the advantages. Another name for this type of strategy might be an offensive strategy, as opposed to defensive strategy.

More simple examples are merely those of operating a campaign with especial vim and emphasis, so as to give it added zest and momentum. A thing done with vigor develops an atmosphere of success and confidence; inspires wholesome respect in opponents and often lends a magic which to some extent paralyzes opposition. Motion has a certain degree of hypnotism in it; the springing tiger, the racing horse, the athlete in action all have fascination in their very intensity of purpose and will. The presence of strong dynamic will tends to make everything surrounding it static and passsive. An exceedingly positive man tends to turn the minds about him into a negative mood. Offensive strategy during the recent war has demonstrated how vital "morale" is in an offensive.

So in a sales campaign, strategy is vital even in common direct action. Defects in this strategy betray fatal initial weakness.

155. Indirect Strategy.—This kind of strategy is fitted to selling like a glove to a hand, because sales objectives can rarely be accomplished by mere direct action. (If they could, there would be many more millionaires, and sales brains would not be worth good-sized salaries.) Goods do not sell by direct action, or they would practically sell themselves. Markets must always be wooed and won.

Indirect strategy means moves that are altogether roundabout. Searches must be made for the "key log" in the jam of resistance to wider sales, and pressure must be exerted at strategic points. There are many interesting examples. The Standard Oil Company sells oil lamps and until recent years oil stoves. It is not a paying business in itself, but by such indirect strategy they are creating

a greater consumption of oil. They couldn't permit lamps of perhaps doubtful utility to be the only ones available, because that would hurt the sale of oil; but by indirect action of providing suitable lamps they push up the sale of oil—even in the wilds of China.

The Globe-Wernicke Company is another example. The sale of book-cases depends upon the desire on the part of the people to read and the practice of having books in the home. It was obvious that if Globe-Wernicke could develop a greater desire for books in the home, they would sell more book-cases; so they started an interesting campaign and got out very handsome literature on choosing books, in which they told of the good books which ought to be in your home, and didn't even mention book-cases. Many thousand book-cases were sold in this way.

The fact of the matter is that the psychology of the public is such that the effect of direct action frequently would be antagonistic. Indirect action is the more natural action, because life itself is more or less indirect in shaping things. For example, the man who fishes directly for a dinner invitation usually doesn't get it. The most energetic effort frequently counts for naught, while a gentle or merely suggestive action secures great response.

It is one of the first principles of study of life and human nature that it is a waste of effort and worse to be too direct. People are willing to be led and to be taught if it is not made too obvious; they are willing to grant superior wisdom if the fact isn't held in front of their eyes. Direct opposition merely arouses stubbornness and vindictiveness. It is both foolish and unnecessary to run counter to the prejudices and habits of people—to say nothing of being ruinously expensive—to try to influence them in that manner, even granting it might eventually be accomplished. The good strategist, diplomatist, always searches for the more graceful time, temper

and pride-saving method—the indirect methods. In but few instances do such indirect methods not exist. If the dealer or the public won't buy your goods, there's a reason; find it and remedy it directly, or get around it indirectly.

156. Secret Action Strategy.—This is a plain practical necessity under certain conditions. It simply means the preparation under cover for a move whose object would be frustrated by publicity. Usually this means desire to surprise competition by arriving first at a new goal. It is not an extensively useful kind of strategy in these days of welcome of publicity, and of public reports and the open door to customers. Too much secrecy has characterized business as sinister in the past, and for no real purpose or gain. Premature disclosure is, of course, undesirable, and secret action has its definite, practical part to play. To "steal a march" on an opponent will always remain good strategy.

157. Complicated Series Strategy.—Events, circumstances and people have a strategy of their own, simply in their reaction upon one another over a period of time of ebb and flow and evolution. Shrewd business forecasters, students of fundamental conditions, and speculators in markets are strategists in this sense, that they endeavor to work out a connected chain or series of inter-related factors of cause and effect and anticipate a final result.

The sales strategist differs from these in this important aspect—that he studies a complicated series of factors, but initiates moves with the view of having the resulting events come out as he desires them. The salesmanagers for the linen collar, safety razor or ready-made clothes advertisers who laid long-time plans to change the daily habits and psychology of American men, were business analysts with a faculty for complicated series strategy, or else had mere blind faith.

There are business men who are Fochs and Von Moltkes

in business strategy. Their minds are like a champion chess player's. They can see many removes beyond the immediate. There were those who could see the future of the steel business, who saw, as Morgan did, the development of the mechanical industries, the development of the by-products industries, the development of general manufacturing and its call for automatic machinery, and all the other things which foreshadowed the great development of the steel industry. The Morgan-Schwab constructive type of mind, gifted with ability to see the complicated moves ahead, could easily see a 50,000,000-ton annual volume of steel (a prediction which Schwab made in 1903 or 1904 and was laughed at), but Morgan and Schwab saw the moves ahead and proved they were the real strategists in the steel business by preparing for the market they foresaw.

In selling there are so many fine-cut factors, such apparently unexpected developments, delicate considerations, variable conditions and seemingly invisible elements that a salesmanager who has a really difficult proposition needs to have in himself or in counsel a mind capable of working out future development through the complicated series type of strategy.

158. Confusing or "Feint" Strategy.—This is a branch of secret action strategy, with the added factor of endeavoring to make the opponent guess wrongly. It is of use mainly in tight competitive situations, for of course neither confusion nor misleading plans are part of any honest modern firm's policies with distributors or consumer. It is good business to keep a competitor "guessing" in one way or another, and it is not hard to accomplish, since it is human nature for average competitors in business to ascribe inflated and sinister motives to each other, and to be credulous as to each other's plans to circumvent each other.

It is also legitimate to permit to grow unmolested an erroneous impression which a competitor has developed as to a firm's real purpose or goal or plan or basis of operation. Similarly it is good business to endeavor to keep a competitor's attention away from the weaknesses, if any, of a firm's goods, organization, territory or plan. If the false impression as to these matters can be strengthened by a "feint" it is also good business.

There is one kind of "confusing strategy" to which I should not hesitate to give the stamp of legitimacy—whether used on the consuming public or on a narrower audience. It might be called a strategy of name. A name or phrase often damns a thing prematurely and unfairly, or at least creates a fatal opening prejudice. A so-called lard or butter "substitute" suffers from the implication of inferiority to that which it displaces; it is far better strategy to give the article a special individual name and avoid the substitute thought. Similarly it was good name strategy for Calox tooth powder to call its sample a "child's size" instead of the repellant name sample. The example of Van Camp's Evaporated Milk, in making capital out of the prejudice against a certain burnt taste common to all such products, by calling it "that burnt almond taste" was good strategy, though conscientious regard for truth must be kept foremost in all such strategy. When a weak point exists it is good strategy to distract attention from it by emphasis upon the strong points.

159. Wedge Action Strategy.—To effect entry way, a thin edge is always most efficient. One man or one article can go through opposition more easily than a number. This applies to the strategy of selling a "family" of articles, and illustrates a very valuable principle of merchandising.

Take, for instance, a concern like Hammacher-Schlemmer Hardware Company, which features home tools, or any other concern which singles out some popular product to

feature and push, and lets everything else in the line fall behind it. The National Biscuit Company put forward the Uneeda Biscuit as a wedge and then forced an entire line of goods behind the Uneeda wedge. The Loose-Wiles Company, its competitor, saw the futility of any action which would aim to parallel what had been done with the Uneeda Biscuit. If they had taken their Sunshine biscuit and tried to drive through an entire line in the same way they would have failed. It would not have achieved the result desired because the surprise-value was gone. They pushed, instead, a whole line of higher-priced, higher-quality specialties not featured by the National, and let the Sunshine biscuit follow along. Their strategy was directly contrary to that taken by the National Biscuit Company, but equally sound.

The human mind is so constituted that it cannot imagine clearly a numerous line of products. It cannot conceive more than one or two things at one time. Therefore, a wedge strategy in selling is sound, with reasonable variations and exceptions.

160. Defensive Strategy.—It is often just as good strategy to "sit tight" and do nothing as to act. It is also excellent strategy many times to make no reply to critics, no reply to attacks, and to permit an opponent to spend his strength. Of course, as Foch has said in military matters, the offensive is preferable to the defensive, but a defensive strategy may nevertheless be best at times. The success of defensive strategy turns upon watchfulness, coolness and receiving an offensive in the most prepared way possible—that preparedness including preparation for defeat.

A salesmanager may find himself in a more or less permanent position of compulsion to maintain a defensive because of certain legal, competitive, inherent or special conditions. All his plans and further strategy must in such

cases be grouped about the central strategy of a defensive. All sales effort must in such cases have an underlying *motif* of defense; and future goals and plans built on that foundation.

In the ordinary course of normal business, however, a defensive may be merely a temporary strategic attitude, made advisable by the turn of events or of competition.

161. Educational Strategy.—Wise analysis of a marketing situation more frequently than not discloses that the article must go through a process of growing up with a new generation, who will make it a part of its every-day life. If not this extreme of slow development, then at least a period of five or ten years of gradual education of the public to the real value of the article. The first reaction of a public to a new thing is invariably that of antagonism or distrust or disinterest, even of fear. The only hope of making the article welcome and desired is to achieve familiarity not only with its name but with its advantage. Some articles have a better start than others in the fact that their advantages are much more obvious or else appeal successfully to stronger desires. The educational period necessarily differs, therefore, between articles; it is actually possible to measure this difference fairly accurately.

The educational line of strategy is a simple one then, of coolly preparing for "sending the public to school" on the question, and watch it pass from the primary grade upward until it reaches a more or less fully educated stage, when large volume is possible. A significant thing about the educational strategy, however, is that it is never finished because of the millions of human beings dying and growing up every year. An article that requires educational work requires it all the time, as a permanent policy. All the principles and methods in the old science of peda-

gogy, the profession of teaching, apply and can be adapted and used in this educational work.

Educational strategy is in a sense an underlying strategy for almost every selling proposition, and must to some degree, therefore, be used and applied even when it is not the leading or dominant strategic note. All selling is in essence an educative process.

162. Time Annihilation Strategy.—Quite the opposite of the slow educational strategy is the strategy of applying every energy and skill to accomplishing the greatest amount in the smallest possible time. This strategy may be desirable for any one of a number of reasons, such as:

1. A desire to "unload" a specific model or quantity of goods before a certain date for patent expiration; or for other legal or competitive reasons.

2. A desire to attain leadership by the quick rather than by the slow method.

3. A desire to secure a psychological advantage of swift strokes, whether for competitive or other reasons.

Time may actually be "annihilated" in the selling sense by means of well-conceived and well-executed strategy of this kind. Five years' normal accomplishment may be attained in one year, and at perhaps half the cost. For this reason the modern rate of speed of growth is highly accelerated. Slow face growth is now supplanted by the contrary policy. The aim of this strategy is to put the public and the distributors through the processes of mind that would ordinarily take five years in one—which means the same as rushing a pupil through the grades in school, and has the same dangers. It is an extremely delicate operation and usually fails in any but very careful hands. Speed is, in selling as in railroading and everything else, a magic thing when successful, but the faster the speed the more easily the whole train is wrecked.

Many situations call for and invite pretty speedy work,

and to a certain extent time annihilation is a generally good business policy. The stage coach manner of business development is as *passé* as the stage coach in transportation. There is no reason why a business to-day should covet the centuries or generations of past history boasted of by some concerns; splendid business reputations can be developed in a few years, and great sales organizations achieved in a short time. The magic of rapid factory erection and rapidity of manufacturing production on a large scale have produced an actual demand on selling genius that large volume of trade and large sales organization be achieved with equal rapidity. Otherwise selling could not keep pace with mechanical inventive genius. After-war conditions calling for very rapid displacement of commercial orders for war orders, and new markets for new factory capacity also call for such ability to annihilate time.

The sales strategy which annihilates time necessarily uses the printed page very extensively, the printing press being in itself a great annihilator of time. It also uses planning and system to a large degree, almost with a military precision and discipline. The greatest time annihilating campaign in history is, of course, the stupendous American preparation for war. After that successful demonstration time annihilation work should be familiar to American brains, and a thoroughly certified policy.

163. Goodwill Strategy.—There are a number of situations which call mainly for the largest possible amount of public good-will. Actual sales are secondary; public attitude is all-important. Public service corporations are invariably in this condition, but manufacturing firms often also need this line of strategy more than any other. During the time of Sherman anti-trust law prosecutions this was a necessary line of defense against a general frenzy of antagonism to large corporations. At all times, large cor-

porations who have a dominant position in an industry or have other precarious political considerations to meet, find good-will development in their service, their advertising and even in labor relationships a sound policy. Good-will strategy is one of wide and deep ramifications.

There is another purpose for which good-will strategy is sometimes used for a very practical purpose—to heighten the sales valuation of a concern, preliminary to selling out. A concern which has never advertised to dealers or public may actually add 33 1-3% to its valuation by a year or two of capable good-will development of a highly concentrated kind, as an article known to its ultimate consumers is worth more than an article unknown. The same is true as a preparation for expansion or readjustment.

164. Distribution Strategy.—As distribution conditions are often the main element of resistance toward greater expansion and development, it frequently becomes advisable to reëxamine and readjust the distribution policy. The broad strategic position of an article or a firm or an industry determines the strategic policy to be pursued. It is very important that the exact strategic position be known and understood, as failure to visualize the position from a strategic viewpoint and on a broad enough scale is the chief difficulty in the way of wider growth of many concerns. Or, if the strategic situation is recognized, there is lack of courage and decision in formulating a strategic policy and carrying it out consistently.

Such a strategy might be that of giving the distributors an exceptionally large margin of profit, or of ignoring the jobber and concentrating on direct selling; or of rigidly adhering to the jobber, or of "straddling" diplomatically on a definite plan; or of reducing the margins to jobbers, or of developing an exclusive wholesale agency policy, or of utilizing exclusive dealers in small towns and "broadasting" in the cities, or of eliminating quantity discounts,

or establishing arbitrary definitions for jobbing classifications, or of making price zones, or equalizing prices nationally. There is even a special strategy in "getting over" a piece of distribution strategy.

These, and many others are distribution strategies, all demanding careful, disinterested investigation first and clear-headed planning and cool and firm application.

Conditions constantly change, form and crystallize around a firm, and only thorough analysis and sure-footed action can save a firm from suffering from lack of a strategic policy. No mere dependence on "hammering along the old lines" or "patiently plugging away" will fit the modern swift-moving pace.

165. Domination Strategy.—In business, as everywhere else, there constantly operates the competition of goodwill, service, standing and public psychology. It is, of course, a highly valuable thing to "dominate" a field—using the term not in an autocratic sense, but in a psychologic sense.

Domination is a peculiar thing. It is a bit of psychology which has perhaps more to do with big sales success than anything else. Human nature being what it is, people like to deal with the successful. They figure that if they are going to buy, they would prefer to buy of the firm most prominent and successful. That is a very difficult thing for a "second fiddle" sales force to meet. Nothing so depresses a sales force as the fact that its competitor dominates the field and it is representing only a "second fiddle." But it is the trend of the times that a "second fiddle" may become the "first fiddle," brought about by careful lines of strategy laid and carried out in a thorough manner. So, whether you are first or second, you need strategy more than you need anything else. If you are fortunate enough to dominate the field, there is usually another concern very close to you, and your job is to main-

tain dominance. One big new development may put you second in the field. There are striking examples of concerns which have for years dominated, but who are now being crowded very hard by young firms. Hart, Schaffner & Marx Company overthrew the domination of the old leader in men's clothing. Several young oil companies are crowding the Standard Oil.

A well-laid strategy of domination does not mean oppression for competitors, or cut-throat competition, as it meant in the old days of "predatory business"—to-day it means dominating by service, brains, good-will and ability to keep the customer believing—by giving him good reasons to believe—that you are dominant in the manner he likes.

166. "Caveat" Strategy.—"Being there first" is always an important selling strategy. This is so important a business truth that nowadays patents, trademarks and general business advantages and rights are hinged largely on the public conception of who is first rather than upon who has the formal legal protection. Even a trademark's rights in the legal sense are based, not upon registration at Washington, but upon "priority of use"—that is, who *used* it first, regardless of who registered it first. This is inherently a public sense of fair play, and as such is an important item in sales strategy. Patents may be dubious or even unobtainable for an interesting idea, but if you can fix your prior connection with it in the mind of the public, you have practically "filed a caveat" with the public which holds good as long as you defend your claim to it.

A good instance is the Thermos bottle. Before it was put on the market it was recognized that it was not possible to protect it basically by patents. The vacuum is a principle open to all inventors. It was quite certain that dozens of other companies would jump into the field the minute Thermos was a success. The strategic thing before

the president of that company was to figure out the best means of protecting good-will at the start. He "filed a caveat with the public" instead of the patent office. He meant by this, getting to the public first through advertising.

When you start selling, the very first piece of strategy to be accomplished is to get your special arguments thoroughly associated with your name. Then, when competitors tag along after you, they will look like "also rans."

CHAPTER XX

THE SERVICE PRINCIPLE IN SELLING

167. Service as the Central Keynote in Sales Building.—Under modern plans and knowledge of selling, it is no great accomplishment to make sales *once*. The important part of salesmanagement is to keep sales going and growing. This is only possible through regular, satisfied customers—"consumer acceptance" as it is now called. This is possible only when service is made more important than the sale itself; when the state of mind of the customer and the value he gets out of his purchase are made paramount in the sales plan.

Much is said about service, but too much is often boast and mere language. The public in general, having gradually been educated in service, is becoming more and more discriminating, and visits its prejudice and hostility upon the mere braggarts of service.

Service rendering means more than an intention or an abstract principle subscribed to. To carry out sound service policies is a technique of considerable detail and difficulty. It is very easy to fall into laxities and inconsistencies and an extremely hard piece of organization work to carry service principles through to ultimate users down the line of a large organization. This technique of service depends on a number of policies which are herewith outlined in detail. Elsewhere in this book mention is made of the fact that to-day the public desires almost as much service in connection with its merchandise as it wants

merchandise. As one firm has put it, "we sell 50% merchandise and 50% service." There is a sane limit, of course, in merging service with merchandise, and the war has deflated much over-pretension in this respect; but service cannot possibly be weaned from merchandise—the public wants it in at least a 33 1-3% ratio.

168. Goods Must Render the Service the Customer Expects of Them.—The modern principle of business ethics is that the other party to the transaction must receive benefit and must have plenty of reasonable cause to be satisfied. In other words, the advantages of the transaction must be mutual. This is a feeling which is revising the whole business life of the country—that the spirit of a transaction must be a mutual spirit, rather than what is known as "caveat emptor" ("let the buyer beware"). The customer's expectation is a very highly important part of modern sales and advertising, for it is easy to sell once by raising extravagant expectations, but not so easy to sell twice. For most propositions profit is never made on the first sale—only on the second and succeeding sales. It is a wonderful good-will maker if the buyer's realization actually exceeds expectation.

169. Service Should Be Rendered Spontaneously.—This means that we should render our service, not in the spirit of "we will go as far as we must," but with that larger point of view which is always the finest point of view—"we will go the whole way in service." The conservative safeguards which are really necessary can be applied without destroying this policy, or without making it seem reluctant or half-hearted. It is very important that a service policy be made inviting and liberal, so that a customer may feel like using it without seeming to ask for more than he is entitled to. The fact of the matter is that modern people hate doing business on the tight principle —they hate to heckle and demand—they far prefer to do

business in a very liberal atmosphere of trust and guarantee.

The very best proof of this is that Sears, Roebuck & Co.—not many years old, but now doing over a hundred million dollar a year business—was founded on nothing else whatever but this idea of people's preference for the liberal atmosphere. Mr. Sears had no capital except this idea, which was almost absolutely new in merchandise at that time, especially to rural folk. Complete and liberal guarantee of service with the merchandise is still the chief feature of this house, and has been its best advertisement from the time of Mr. Sears' famous encounter, early in his career, with the street car conductor, who had by accident smashed a watch he had bought, but to his astonishment got a new one without complaint. Of course, that conductor became a living advertisement for Mr. Sears—who had never before bought such cheap advertising! It pays to go the whole way in service if one takes care to do it spontaneously.

170. Promises Should Be Unconditionally Made Good.—Many concerns fall down here. They "hedge" on technicalities. Their promises are conditioned by reservations which the buyer only finds out when he tests the promise. It is absolutely deadly to hedge in this manner, or to make the fulfillment of the promise a hardship or annoyance in any way to the consumer. A big business man in New York bought some collars at a good store which advertises a liberal policy. He found the size not exactly right. He took them back unused, explained and asked for his money back. The clerk replied, after listening, "Well, you'll have to see Mr. Number Two," and he had to explain all over again. Mr. Number Two then said, "We will have to see Mr. Number Three." He waited a considerable time to see that Mr. Number Three. His time being very valuable, he gave it up—and he also gave up that

store, which could have afforded to stop its whole machinery for a day rather than lose this man's trade.

People do not like protestations of liberality, which, when put to the test, mean annoyance and red-tape and unexpected delay and lack of the same enthusiasm and interest as when the sale was made. We are buying not merchandise but merchandise plus service. Indeed, it would often seem that we care more for the service than the merchandise! At least, it makes a more vital impression on us, for it has to do with our *sensitive human nature*, and that is a factor which service, policy and good-will have generally to deal with. We may have worked out to a fine degree a policy and plan for our selling, but we may have left out that vital principle of the sensitive human spirit with which we have to reckon.

Good-will, actually, is nothing else but your status with the sensitive human spirits from whom your trade must come. Good-will is an evanescent, intangible thing, simply because it depends solely on this sensitive human spirit, which is so easily effected and swayed and prejudiced. The study of good-will is necessarily, therefore, a study of mass psychology, and a study of bringing an organization to efficiency in carrying out the full spirit of the service and guarantee, down to every last factor in the organization.

One of the chief troubles nowadays with those who sell through dealers and sub-agents or many lower-grade salespeople, is that they are not able to carry intact the spirit of their policy and service to the ultimate buyer. This very reason is behind the complete taking over of all the channels of distribution by many concerns, like the meat packers, the typewriter concerns, etc. They could not sell with any success whatever through a string of intermediaries as other products can—service is the whole thing. It becomes deeply essential that both from a mechanical point of view, in repairs and consultation, etc., that serv-

ice be carried out in its full spirit to the end, without the house being discredited by variations from the standard.

171. Service Should Be Without Risk or Convenience to the Customer.—The principle of risk is very interesting in this question of good-will policy; yet it is a principle few have adequately studied. Here is an incident which will illustrate it: A certain manufacturer of automobile headlights, who was selling them by mail, published an advertisement in which he stated that if you sent $25, he would ship his wonderful new invention. It was a very good ad, but it did not pull well. After analysis, this became apparent: Why should any one write out a check for $25 for an unheard of invention and send it to an unknown man, 1,000 miles away? That is against the sound principles of risk. People do not care to take such risk; what reason have they for taking it?

Study carefully this principle: *the risk of purchasing properly belongs upon the seller and not on the purchaser.* The buyer of merchandise, according to our modern principles of risk, should assume no risk whatever in securing and proving what is claimed for the goods. That is the seller's proper sphere, for he alone knows the goods best, and he is the aggressive party in the sale. It is *up to him to give* the purchaser the freest and most open opportunity to substantiate the advertised value and service before he assumes any risk.

When the selling plan on that headlight was changed, and the man advertised "Send me no money, but write me on the letter-head of your firm and I will send you this headlight for thirty days' trial on your machine, and if you are satisfied send me your check; if not, I will pay transportation both ways," he was successful. The risk was thrown on him, where it belonged. There are many people who stand aghast at such liberality, but selling to car owners is gilt edge compared to other propositions. There

are concerns who sell washing machines on credit to the poorest type of Irish washerwoman, through advertising, shipping the machine without a cent of deposit, yet the percentage of dishonesty is not more than one-half of one per cent. Of course, there is a safeguard to the plan. They do look up the woman through her grocer, but very few are turned down. Experience shows that people of one class are as honest as another class; also are as honest in one part of the country as another, and that in any event those who wish to beat you manage it in some way anyhow. In a sales proposition intelligently planned there is rarely more than one-half of one per cent misuse of liberality.

172. Service, to be Efficient, Should be Rendered Entirely from the Point of View of the Customer.—A guarantee may be perfectly meaningless and pointless. For instance, an underwear manufacturer may guarantee his garment to last "a year," whereas the cheapest and most inferior garment (unless the man is a dock laborer) usually lasts a season. The "year" does not mean anything. Such a guarantee might much better be left off. When sized up by critical customers it will show on its face that it is intended merely to sound well to unthinking customers, and not really for the protection of the seller.

The service policy should be engineered to forestall complaints. Much service goes wrong, simply because it is arbitrarily planned, without realizing that certain conditions do or will arise, or that certain states of mind should be anticipated, in either the language or application of the policy.

Service rendered should be in the spirit of individual accommodation. Service is always a joke when it is petticoated in red tape. It must serve, and to serve it must judge each individual case and render individual service. Nothing makes good-will as fast as this.

Service should relieve the customer of physical effort.—I have already told how peeved was a customer who had to "stand around" to get the service due him. A warning against this is sufficient, perhaps. Selling, properly viewed, is filling a customer's definite need—not selling him because you want to—not overloading him with something of doubtful use or value to him. *It is not a legitimate sale* if he does not need what you sell him. This is a principle more and more recognized, and many concerns give standard instructions to a salesman that they are not to *overload* anybody to whom they sell. A weak retailer or customer with less experienced mentality, on whom the salesman may call, is sometimes overpowered by a superior mind and sales skill. *It is not an ethical proposition to make such a man buy.* Any salesman or salesmanager who boasts of "putting it over" on a man and making him buy something which will mean a loss or an inconvenience or being saddled with an inappropriate value, is a highbinder salesman bound to get his due soon or late.

173. Service Should Provide Full Technical Information and Advice.—We are now ready to consider the subject of service through information and advice. Nearly all customers represent *a state of mind* rather than a mind made up. They are not even conscious of needs, frequently. Information must waken them to their need and advice must guide them in purchase. Now, in order that the customer shall be able to make up his mind logically as to what he needs, modern sales management provides an equipment to salesmen that will enable them to advise and technically inform the customer. It is an exceedingly important thing for the salesman not only to know the merchandise from the manufacturing point of view, but also from the usage point of view. The buyer's interest in merchandise naturally is not in how many and what processes it goes through, except in relation to results he may enjoy from

that merchandise—the service, in other words. The service he may derive from its use—is the immediately important thing to the buyer, and he looks to the salesman to know his subject in detail and scientifically. Nothing is so irritating as to find a salesman *just a salesman,* and not a guide and helper.

Service should, if possible, anticipate the wants of the patrons. There should be studious analysis of the kind of service likely to prove helpful and welcome to customers.

174. Service Should Express Personal Relationship.—Every human being, no matter how intelligent he may be, wants personal attention. And personal attention may be, and is oftentimes, the heart and soul of the service rendered. That is so in the English and French retail shops abroad, where the small places hold their own, for the simple reason that in the large stores, personal attention is lacking. In the personal service idea, the small shops excel beautifully. This principle can be carried into the selling of anything, no matter how large the organization. Only poor salesmanagement will prevent success in this, for inherently it is the cheapest sales ammunition there is. It is true that purchasing has become a science—yet, all scientific things being equal, personal attention and personal touch may tip the scales. And when I say "personal touch," I do not mean "good fellowship." I would be the last to return to the days when large sales forces had "official souses" who managed the customers who liked "good times." I mean personal touch which gives scrupulous care to the customer's slightest special needs, to the peculiar position he personally faces in his organization (oftimes a difficult one, due to factions and unprogressiveness) to the peculiar nature of business, and to everything else that individually makes that customer different from other customers.

175. Service Should be Closely Defined and Definitely

Stated.—Any service which deals in generalities is sure to fail. Any good-will built upon generalities is sure to fade like a puff of smoke, for generalities are as dangerous in selling as dynamite. They explode and wreck things unexpectedly, all because the generalities meant one thing to seller and another to buyer. All selling is based on *appealing to the imagination* of the buyer. You first develop in him an attractive picture of what he is going to get. You ask for his money and render him back the picture of value. In other words, you are *operating on his expectations,* and your picture that you give him must be so clear that it doesn't fog up his mind so that when the fog lifts he'll think he's been deceived. It is a most serious thing for the customer to imply from words or picture or anything not sufficiently specific that he's to get what he is *not* going to get. Therefore, be very specifically definite, be wholly inclusive. Clearly define the policy and service, even under possible unpleasant contingencies, then there can be little misunderstanding, and it is certainly not from misunderstandings that good-will grows or sales mount in volume.

CHAPTER XXI

THE DEVELOPMENT OF GOOD-WILL

176. Definition of Good-Will.—English jurisprudence has established a clear basis for the recognition of the factor of good-will. It is unquestionably property, even if not tangible property. To define it is naturally hard. Lord Eldon, a great jurist, called it "a probability." Other legal authorities have variously defined it as "advantage," "favor," "advantage and benefit." Amplifying his definition, Lord Eldon said good-will is "nothing more than the probability that the old customers will resort to the old place." A significant statement about good-will, even if it is not a definition, is that "many things enter into the making of good-will, but just one thing may blast it."

Good-will, of course, can attach itself to name or person, to place, to goods, and its definition in any given case must be tempered by the thing it has attached itself to. Every advantage acquired by a firm in carrying on its business is included properly in a definition of good-will.

177. The Nature of Good-Will.—Many large concerns have capitalized good-will into common stock running into many millions. But, good-will is not a tangible asset. Good-will is an asset which is *real*, but *volatile*, like steam or gas. You must keep producing it all the time, and at any minute it may all explode. Good-will is a thing subject to being here to-day and gone to-morrow. If anybody tried to insure good-will at Lloyd's he'd be quoted a pretty high rate. You can protect good-will, but you can

never insure it. You can insure or borrow money on your factory, but you can never take good-will to a banker and borrow money on it—credit principles forbid it.

Why is this? Because control of the seller's good-will is the only protection which the buying public holds for itself. Withholding of good-will is the weapon which the customer maintains against you. He gives it to you or takes it back, according as you conduct yourself. Consequently, any effort either to underestimate or overestimate good-will is inadvisable. It must be judged like other assets, because it is state of mind, not matter. Its development is therefore as much an art as a science, and for this reason the ordinary standards do not apply—it is a matter for special genius. The advertising idea is the one most adapted to it and has been the most remarkably successful with it, proving that good-will making can be speeded up enormously by right methods.

178. Good-Will and Advertising Departments.—It may well be repeated here that the salesman deals with the *differences between people,* but the advantage man studies the *likencsses of people.* The sales department knows how best to create good-will in Tom Jones or some other individual; the advertising manager knows how to reach all the Joneses, Smiths and Browns. The development of good-will in one man is usually not the way to develop good-will in the mass, and that is why the work of the advertising department can be so helpful and of such economy to the sales force. It lowers the high cost of mere leg work and heel cooling.

It is the peculiar function of the advertising department to guide and develop all things in which the public and the customer's good-will is involved. Whatever that may be in any firm, it is the function of the advertising department. The salesmanager should preside over the general sales campaigning and relegate the personal work on customers to technical special men under him, and give to the

special care of the advertising manager the study of the development of good-will, or the mass-minds of your customers. Thus you can see how highly essential it is that the advertising department be in the closest possible counsel with the sales end, and that the sales end likewise take counsel from the advertising department. A sales organization is to-day like a factory in its variety of technical requirements, and must have specialists whose advice and counsel is used. By the use of all the specialized technical points of view sought and coördinated, the problems get solved, without lamentable onesidedness or arrested development due to one-track minds or one-horse policies which could not appreciate the wide ramifications of good-will.

One of the greatest business needs is for the good-will of the average concern to be conserved, developed and made broader. There are numberless perfunctory advertising departments where this study of good-will development is entirely neglected. Every wrapper on a package, every delivery team, every messenger boy, every yard of string with which the article is tied, every letterhead on which the bills and letters are written, all carry their quota of good-will possibilities and must be technically studied to reach the maximum efficiency.

179. Indirect Developers of Good-Will.—Good-will can be made to come from the most indirect and unrelated sources. Henry Ford did not primarily have the idea of so greatly advertising his plant by adopting his profit-sharing plans, but he certainly has had an incalculable amount of advertising through it. When John Patterson, of the National Cash Register Company, was under fire in the West on account of his early business practices, and during the time of his indictment used his great organizing ability to do a big service to the people in their flood crisis, he developed a kind of good-will most valuable to him.

In fact, it has come to such a point that interest in public affairs by business men is a distinct developer of good-will. In other words, the man in the community who has the greatest amount of public interest in the general ultimate prosperity of his community is actually developing the most good-will. Good-will is a natural result of a broad-minded, thoroughly liberal and far-seeing disposition in business men, business firms, and business policies.

180. Coöperation in the Development of Good-Will.—Good-will is something which the advertising department can develop only as fast as the sales organization is ready to coöperate with it and intelligently carry it out. In many concerns the advertising departments have plenty of practical ideas about good-will development, but it is impossible to get the sales organization to help pull the load. It is a very typical condition. The sales organization, set in its way and still deluded that selling is as simple as it used to be and consists chiefly of personal calls, and thereby distinctly limiting the success of the business, is not able to take advantage of modern tools of good-will building and opportunities. Consequently, the greatest and best means possible to bring together the advertising and sales departments is advisable, so that their ideal of service and good-will is similar, and so that both may carry out the same principles.

181. Legal Protection of Good-Will.—It has been legally termed stealing to take fraudulent advantage of another's good-will, and the law of unfair competition, while not covered by special statutes, is inherent in the body of common law. In the past fifteen years it has received a definite increasing recognition by the courts, and is in process in America of reaching a very advanced stage. The Federal Trade Commission is its special champion, and the courts have interpreted cases before it with an increasing regard for the principle. The great debate on

price maintenance, which has been going on for a number of years, is hinging now upon the principle of protection of good-will, it being recognized that the average practice of price cutting is essentially an act of piracy upon good-will.

It may fairly be relied upon that courts will maintain the principle that acts injurious to the business reputation of a firm will be regarded as a wrongful appropriation of good-will.

It is a very wise policy to make a specific plan for good-will development and to keep records of the evidences of such good-will for use in legal protection. Such records may be of great value in any legal controversy over the value of the business.

182. Measurement of Good-Will.—This until recent years was looked upon as an impossible task. But modern laboratory psychology has made available test methods whereby the good-will standing of a firm or a trade-mark may be ascertained with considerable accuracy. The method is to test the reactions of a sufficient number of people, under controlled conditions, to secure so far as possible an unconscious judgment of the relative impression made by the name or firm or goods. Careful statistical tabulation of these results produces data which is scientific and dependable.

The measurement of good-will is not alone valuable for legal purposes, but has a very practical place in the analysis of status and policies for business purposes. Many firms have an exaggerated idea of their prestige. Instead of opinion such measurement provides facts. By making these tests locally, the strength of the firm in relation to advertising expenditure, or to competitive action may be obtained. Correlation of such tests and comparisons with sales provide a check up on the accuracy of the tests and on other factors.

183. Appraising Good-Will.—In late years it has become a frequent practice in law suits to call expert witnesses to assist in establishing a valuation of good-will. The author of this book has served as such an expert witness in a number of cases. His counsel has also been sought in appraisal of properties from a good-will point of view, when disputes arose.

Good-will may be appraised like any other property, by means either of measurement tests above described, or by means of judgment and computation of the facts about the business. In the United States Circuit Court the "going value" of a firm has been arbitrarily estimated on principle by the court to be 10% of the "tangibles."

Any appraisal procedure is complicated, but to be sound must be fully appreciative of facts concerning advertising expenditure, standing, popularity and degree of information possessed by the public. It is a development yet to come in accounting when the factor of good-will is treated in a standard way in statements. At present a variety of methods are used ranging from entire elimination to inflation.

CHAPTER XXII

SALES ADMINISTRATION AND BUDGETING

184. The Sales Department as an Administrative Problem.—In point of fact, a sales department has administrative problems of as broad a scope, almost, as a separate business, because of the wide range of activities and the opportunity and demand for initiative. The administration of a sales department is virtually the administration of the business, because sales are the life of the business. The degree of administrative vision and ability shown in the sales department is usually the degree of the alertness and aggressiveness of the entire business.

By administration, I do not mean the detail of organization, but the general executive conception, plan, and operation of the sales department, in its broad lines of development, in the balancing of men, policies, principles, and methods and in the fixing of goals and the marshaling of technical resources toward their accomplishment. In short, salesmanagement leadership that does not become tangled in detail, but masters it, and is as efficient in the adjustment of plans to fit conditions as in the handling of men.

185. Administration Problems Defined.—The general administrative problems of a salesmanager may be grouped somewhat as follows:

1. To keep the article fitted to the market; even also to keep the market fitted to the production plans.

2. To secure and maintain the information, control-records and lines of contact necessary to clear understanding and shaping of policies.

SALES QUOTAS - 1919.

Shown in Number of Pieces or Weight, Orders and Dollars.

Based on total proposed business of $800,000.

Working figures for graphic chart for Sales Manager.

Months.	UNITS Pieces or Weights				NUMBER OF ORDERS				DOLLARS											
	Proposed	Actual	%	Previous Year.	Proposed	Actual	%	Previous Year.	Proposed	Actual	%	Previous Year.	Proposed	Actual	%	Previous Year.	Proposed	Actual	%	Previous Year.
Jan.	8.375	7.850	93	8.000	470	416	99	426	32,600	31.500	93	32.000								
Feb.	11,625	11.500	99	10.000	580	595	102	560	46,500	46.000	99	40.000								
Mar.	13,625	12.975	95	12.000	680	617	90	672	54,500	51.900	95	48.000								
Apl.	10,625	10.075	94	9.500	530	502	91	495	42,500	40.300	94	38.000								
May	44,280 9.825	46.500	984	38.500	2210	2125	96	2183	177,100 39,300	189.900	956	138,000								
June	12,225								48,900											
July	9.000								36.000											
Aug.	24450								97,800											
Sept.	29.000								116,000											
Oct.	29.950								119,800											
Nov.	23,250								93,000											
Dec.	18,026								72,100											
Totals	49,975								800.000											

3. To construct policies and initiate campaigns which wisely and strategically fit the situation, from the point of view of public, distributors and the general conditions of trade.

4. To construct and maintain an organization of men capable of carrying out the policies and campaigns decided upon; and stimulated constantly to do their best.

5. To work out and operate a sales financial budget which will safely and soundly relate expenditure to returns, and schedule and detail these expenditures and returns on a business-like quota basis, with a view to increasing the profit of the business.

6. To coördinate all efforts into a firmly knit whole, with the highest striking power for sales, at lowest unit cost.

7. To constantly reëxamine, test, and review the administration by means of outside counsel, special surveys, and technical investigation.

8. To keep the entire organization, as well as the owners and higher executives "sold" on the correctness and effectiveness of the administrative policies and plans; also to avoid any tendency to take anything for granted or to acquire set points of view or opinions or prejudices.

9. To make every possible effort to see into the future, and be prepared in advance.

The above may be considered the real problems of sales-administration, beside which all others are detail. Only these problems should occupy the administrative head of a sales department (whether he is salesmanager, vice-president or president). These functions must be performed if sales administration is not to lag and go awry.

186. The Sales Budget.—On this rock more salesmanagers founder, in the final analysis, than on any other single administrative problem. The term sales budget is not used merely as indicating an accounting record, but as an analy-

CAPITAL (CASH) BUDGET—19—

MARKETING DIVISION

(Based on a proposed total business of $800,000)

8-b

IMPORTANT: Enter figures in MONTH that CASH will be needed or Payable

SALES

MONTHS	SALARIES												COMMISSION AND BONUSES				TRAVELING EXPENSES				OTHER EXPENSES				TOTAL SALES EXPENSES*			
	EXECUTIVE				CLERICAL				TRAVELERS																			
	Proposed	Actual	%	Previous Year	Proposed	Actual	%	Previous Year	Proposed	Actual	%	Previous Year	Proposed	Actual	%	Previous Year	Proposed	Actual	%	Previous Year	Proposed	Actual	%	Previous Year	Proposed	Actual	%	Previous Year
Jan																												
Feb																												
March																												
April																												
May																												
June																												
July																												
Aug																												
Sept																												
Oct																												
Nov																												
Dec																												
Totals																												

ADVERTISING.

* Add to column below

MONTHS	SALARIES								SPACE (in months due)				PRINTED MATTER				POSTERS AND SIGNS				TOTAL ADVERTISING EXPENSE				TOTAL MARKETING CASH NEEDS			
	EXECUTIVE				CLERICAL																							
	Proposed	Actual	%	Previous Year	Proposed	Actual	%	Previous Year	Proposed	Actual	%	Previous Year	Proposed	Actual	%	Previous Year	Proposed	Actual	%	Previous Year	Proposed	Actual	%	Previous Year	Proposed	Actual	%	Previous Year
Jan.																												
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Dec																												
Totals																												

sis of the financial aspect of sales effort and policy. Large numbers of concerns are selling some or all of their goods at a loss; or are making their sales plans and sales budgets without due regard for real facts and conditions and ultimate results and contingencies. The natural optimism and impatience with detailed reckoning which is characteristic of the selling temperament leads many into these mistakes.

Even though the responsibility is in reality upon the higher executives, modern salesmanagement is trained to perform the task which the administrative departments should more properly perform:—to work out in specific figures the expectations of sale in given volume in a definite period of time and calculate every operation of the business upon logical lines of procedure, modulated to the sales expectation.

A sales budget simply aims to set plans preferably for a period of a year, or for a season, and tunes up the organization to that plan. It is best operated in connection with a general business budget, covering the entire activities and departments of the business; but in the absence of such a general budget it is feasible to operate one for the sales department alone, providing to the production department a factory production schedule, or otherwise fitting in with a special production budget plan.

To argue that sales are so variable a factor that sales activities cannot be budgeted is to ignore the technical facts that budgets, when scientifically made, provide for fluctuations and handle them with greater ease than when there is no budget. A sales budget is the blue print of the structure of orders it is proposed to rear, and is as labor-saving a device in operating a sales campaign as it is in building a house. It is well known that most houses built are changed in some details from the blue prints while the building is going on, but no one would deny on that account the superior economy of having blue prints.

187. The General Sales Quota.—Every effort should have a specific goal for its object, otherwise it is partly aimless and lacks the stimulus of a definite target. It is the highest wisdom of sales administration to set a definite quota of orders to get during a year period. It simplifies and objectifies everything, because it sets a specific task for every one.

A common mistake about quotas is to deliberately set a figure at variance with logical expectation, simply to incite greater effort, and with a full realization of its futility. An unthinking organization may take this bait to impossible effort for one year, but the efficiency of the quota for stimulation will be very low the next year.

No quota should be set which it is not definitely expected to achieve. No quota should be set higher than is possible for the organization or the effort made to accomplish. A quota should be a *bona fide* goal, an honest target on which a bull's eye hit is possible. It is deadly to the morale of a sales organization to feel that it is chasing a rainbow pot of gold. It must believe the quota can be secured, and it must see in detail how, if each reaches his attainable individual fraction of the general goal, that general goal will become a reality. To this end the quota should be set with care and precision, based upon a survey of all the factors involved.

A common mistake is to endeavor to increase or even maintain the previous percentage of gain, when that gain has already been a large one, the year before. The law of diminishing returns, even if all other factors are favorable (which usually they are not) operates against the maintenance of a large rate of increase.

A quota which is not reached also undermines confidence in a firm's ability. The legend of success which grows up around a firm or an individual salesmanager is seriously shattered when a quota set with enthusiasm is not reached

within 10%. Explanations of a 5 or 10% shortage may plausibly be made, but not of a greater shortage. A quota oversold by more than 5 or 10% also has some ill effect; the job appears too easy, and next year's quota will be less energetically worked for. A quota should, for maximum effect, be oversold just about 5%.

188. Budgeting a Quota.—The general quota is the basis and foundation of the sales budget. The quota is valueless unless it is subdivided and its stimulus applied in detail to all departments.

It is obvious that if the billings to be achieved amount to $1,000,000, that amount of goods must be produced, marketed and administered; and the quota, expense and capital budgets will naturally be in proportion to such business done. A quota for each individual article sold; for each territory and for each salesman must be worked out, as well as a division of this quota for each month or week or even each day.

The master-budget forms illustrated are arranged to contain all necessary fundamental or illustrative figures, and to show two things: (1) the proposed or budgeted figures in full for the entire term of the budget (usually 12 months); and (2) the actual results achieved to date by each division and, preferably, also their per cent of the corresponding budgeted figures. Corresponding figures for the past year or an average of several years may also be shown, but are not in any way essential to the complete comparison and analysis of current results.

Whether a budget is a sub-budget or master budget (gathering together and showing the results of the sub-budgets), the same general plans and divisions are followed and the same three main divisions—production, marketing and administrative—remain the same, and only the sub-headings or the sub-divisions of the business are altered

according to the needs of the particular business being budgeted.

The first estimates prepared by the three divisions are adjusted and combined in the production quotas summary, as illustrated.

The second, and possibly the most vital of the three budgets, is the expense budget, "the meat in the cocoanut" of any business, as representing the cost to operate and the resulting promises of profits or loss on each dollar of business done.

The cents or fraction of a cent of each sales dollar which each important operation or department will cost should be very carefully figured for the unit or first operation to be budgeted, up through the various expense sub-budgets until they appear in the expense budget summary. It sometimes takes several days of intensive figuring and conference by all divisions before an equitable and final adjustment of expense or per cent of sales dollars is agreed upon and allotted to each division.

Thereafter the heads of all divisions and sub-divisions must carefully watch and adjust the results to get the closest possible accord between actual and budgeted figures each month, as gathered in the expense budget summary in the hands of the chief executive.

CHAPTER XXIII

SELLING COST AND EXPENSE

189. The General Situation in Sales Cost.—Broadly speaking, sales cost has been far too high in this country for years past. While every other department was closely supervised, selling was usually operated on a totally unstinted basis. This was of value in beating down at all costs the great obstacles to national distribution, and in conducting the expensive educational campaigns necessary to metropolitanize the country's population. But it also tended to fix upon the selling organization certain extravagant habits of mind which have been hard to align with the modern tendency to pare costs down to fractions and use the more economical tools and methods of selling which modern facilities make possible.

Selling cost for specialties has frequently been as high as five times manufacturing cost—usually because the methods of yesterday were carried over into to-day, without achieving the compensating economy which should come from *volume*. A cumbersome sales organization, an unsound distribution situation, a dependence on the methods of the past, a lack of appreciation of modern labor saving, time annihilating methods—these things have combined to make sales cost vary remarkably, even within an individual industry. The "low cost group" of manufacturers within an industry are always competing with the "high cost" manufacturers—that is, with manufacturers whose skill and experience and knowledge are inferior and whose costs are therefore higher than that of the more prosperous "low

cost'' manufacturers. This peculiar fact came out with especial prominence when during the tariff controversy the matter came up of studying differences in costs here and abroad. It was found hopeless to settle upon a cost as representative of the average industry, because if set high enough to protect the high cost manufacturers, the low cost manufacturers would profit disproportionately, whereas if the low cost manufacturer's figures were used, the high cost group would be bankrupted.

The study of sales cost is one challenging the best brains of a salesmanager, for in most industries it is no great trick to get results at a high cost; the test of ability is to get them at as low a rate as possible. The unit cost of selling must be reduced, not the mere general volume of expense. This can only be done by increasing the sales efficiency of men in the field, increasing the fertility of plan and organization at headquarters, decreasing the overhead in ratio to the volume, increasing volume, standardizing, eliminating and concentrating; also employing great labor saving devices such as advertising.

190. What Properly Is "Sales Cost?"—This is a most pertinent question, since even accountants have somewhat varying methods of classification of costs under sales cost. This condition springs from the fundamental shift of ideas which has been taking place concerning manufacturing and merchandising. Under the old conception whereby the sales department was a mere wing of the business and production was the center, naturally sales cost was interpreted somewhat narrowly. In many concerns to-day the term sales cost is used only to describe salesmen's salaries, commissions and expenses. This ranges from 3½ to 8 per cent and normally averages about 6% of the volume of business; less, if the business is well advertised to consumers and the demand is automatic; more if little or no advertising is done and the market is full of resistance.

But sales cost, properly considered, is not alone salesmen's cost, but all cost which directly or indirectly may be chargeable to sales development or market broadening.

The broad divisions of proper sales cost are:

1. A just proportion of office administrative overhead.
2. Salaries of all employed in sales activities.
3. Commissions, bonuses and expenses of salesmen.
4. Advertising of every kind directly aiming at sales (but not contribution advertising nor even institutional advertising for general good-will).
5. Special charges reasonably designated as cost of sales development work, sales expense, etc. (this division might include even such items as experimental work on new products; credit losses incurred on a basis of sales risk, etc.).

191. Common Errors in Sales Cost Figuring.—Typical of many who arbitrarily and wrongly charge up items to sales cost is that of a machinery concern which charged taxes, insurance, interest and freight and stationery to selling. This is absurdly wrong. General administrative costs must never be mixed with sales cost. Some cost accountants figure cash discounts as sales expense, whereas in my opinion and that of other specialists in sales matters, this is purely an administrative cost of doing business. Freight is more properly a cost of production than a sales cost, except in special cases when used as a business getting argument.

The three logical departments of business are administrative, manufacturing, selling, and the selling cost must in reality be a necessary cost of *producing,* not of *filling* orders, in order to be proper sales cost. An order is the completed product of the sales department; thereafter the cost (with only such apparent exceptions as in reality conform to the principle) are properly upon production and administration.

Consequently bad debts, damage and breakage, etc., are not charges upon the sales department.

Under the convenient title of "miscellaneous" many items are charged to sales or advertising which have no real place there. It is a common tendency on the part of administrative officers to endeavor to load sundry items upon these two general heads which cannot by any real logic be justified. This is an injustice to the sales department.

It should be understood that selling cost differs from any other kind of cost, in view of the fact that it deals with many somewhat *intangible elements.* Unlike manufacturing costs, they cannot be estimated always on a purely physical and material basis; they cannot be computed so accurately and within so small an area. Sales costs factors and the conditions that affect them reach all over the world, and are based on human nature and economic and psychological conditions.

Sales costs, when examined and contrasted in one line with another, or one firm with another, show every item of difference in the character and policy of the house, the range of the territory in which goods are sold, the method by which goods are sold; while even the quality of the goods themselves affect the selling cost immediately.

192. Sales Cost and Fixity of Demand.—Prominent in the selling cost is the element of fixity of demand. A staple article naturally has the lowest selling cost, whereas a new and unknown type of article has a very high selling cost, due to the great amount of inertia and indifference which must be overcome in order to make a sale. The ratio of this indifference and inertia is the true ratio of selling cost, because all other differences are, after all, minor differences, in comparison with this.

When typewriters were first put on the market the selling cost was something like 60% of the sales price and something like 450% of the manufacturing cost. In fact,

this ratio has not decreased very greatly in the last 20 years, for the simple reason that the large service organization required of the typewriter companies is still very expensive. This very high selling expense, as illustrated in this field of typewriters, was due to the fact that people were very unwilling to give up writing their letters at first and use typewriters.

As extremely contrasted at the other end of the scale we have sugar, which everybody uses, and which requires no selling effort, and is in fact chemically identical with any other brand by any other manufacturer: the selling cost on this article naturally is scarcely 1%.

We have here then illustrated the two extremes, one of the specialty and the other a staple, showing between what points and extremes selling cost ranges. However, when you examine all other articles very minutely, you will find great differences, even among staples. As a matter of fact, the sharp division between staples and specialties is rapidly vanishing, because staple manufacturers are fast adopting the more aggressive methods of the specialty manufacturers in their sales efforts; and the specialty manufacturers are constantly tending to work toward becoming a staple. For instance, safety razors used to be very much a specialty; they are now regarded as more or less of a staple. Their selling cost is naturally therefore gradually reducing. This same thing applies to any article which the public gradually becomes used to, and which becomes part of its daily life. Bath-tubs used to be a pure luxury; they are now regarded as a necessity. Linen collars were regarded as a pure luxury for only special classes of people; to-day even the mechanics wear linen collars.

193. The Cost of Aggressive Selling.—The difference is marked between the cost of *aggressive* selling of any article, whether staple or specialty, and the cost of more dormant type of selling, which greatly affects selling cost. In other

words, two firms selling a staple article may have a widely different selling cost, for the simple reason that one of these concerns is treating its staple like a specialty, whereas the other concern treats its article as a pure staple,—relying upon its past history, its general good-will,—and is satisfied with a very nominal rate of growth. The selling cost of the more aggressive firm may be, let us say, 12%, whereas the selling cost of the less aggressive house may be 9%. On the face of things it might seem, therefore, that the old house had the better of the argument, but as a matter of fact the speed of business development and the ready response which can be secured nowadays through aggressive selling effort make this untrue.

It does not so much matter what *the percentage rate* of selling expense is, so much as it matters *what is the volume,* and the rapidity of growth of volume. In other words, it may pay big profits to have a 12% selling cost until a large volume of business is secured. It figures out something like this:

Competitor A has a volume of $1,000,000 per year, at a sales cost of $90,000 or 9%. Competitor B has a volume of $500,000, and a sales expense of 12%. Naturally it is B's aim to secure more sales, as it will automatically reduce his selling cost more to the level of Competitor A. In fact, Competitor B could, without any hardship, also have a selling cost of 9% *if he chose to grow at no greater speed than Competitor A* (who has been in business 20 years with an average annual growth of 5%).

But Competitor B is not content to limit his growth. He wishes to *annihilate time,* not only because he is only 7 years old, but because he wishes to make a greater amount of profit within a shorter period of years than competitor A. Competitor A wishes to earn only $2,000,000 net in the next ten years, while competitor B wishes to earn 3 or 4 million. But, more important still, he is out to dominate

his field, reach into every corner of the market and establish himself there securely. He realizes the strategic value of seizing the reins of leadership from the slack hands of Competitor A, so that in the shortest space of time he may have a masterful grip on the field.

This is illustrated by the men's clothing field where a prominent new firm wrested the long-held leadership away from a certain house and now enjoys a volume of about 20 million to the old leader's 4¼ million, and at a selling cost of 2½% as contrasted to 4½ or 5%.

194. Volume in Relation to Sales Cost.—The principle is exactly like the principle of moving a railway train. It may take a greater amount of steam to start a larger train of cars than a smaller train, but once started it actually takes less steam to keep it going on a level stretch because of momentum. A large volume may cost higher in sales cost to secure, but when secured costs much less to maintain than a smaller volume.

Modern American manufacturers have therefore fully realized the value of volume. In fact, volume has been too universally and exclusively striven for, without also seeing that the greater complications of large volume sometimes result in annulling the proper expectations of decreased cost. As volume increases organization becomes more difficult, and it requires relatively more brains than a business of small volume, if the economies of volume are to be reaped. Large organization and large volume bring more and more opportunities for leaks, and waste and inefficiency. The caliber of executives must be up to the volume demands.

Selling cost must be studied first in relation to desired volume, the conditions of the field and the desired speed of growth, before it can be properly analyzed and intelligently judged. Unless selling cost is judged in relation to these factors it is meaningless to say selling cost is too

high or too low. There is a definite point which, all factors considered, is the logical selling cost for any house which has determined its policies and plans and knows its field thoroughly.

195. The Vital Matter of General Costs.—Although the responsibility is primarily on the general administration of a business, coöperation in cost study by the sales administration is vital to a business. The setting of costs also effects sales, and a salesmanager may be severely penalized in competition by an incorrect or careless manner of costing the goods sold, and the prices set as a result. Often elaborate cost systems incorrect in principle, are adopted, resulting in placing prices on goods so high as apparently to make sales impossible. Much difficulty arises also from the problem of the relative sales desirability of selling some goods at a loss, and others at an abnormally high profit. Under some few circumstances this is advisable for sales policy reasons (but never for accounting reasons, of course). The law of averages must be employed in such cases to work out the ultimate policy. Dependence must be laid upon average profits, when there are fluctuating rates of profit, or when policy reasons are used in setting prices on some goods without regard to costs.

Sometimes all competitors are equally ignorant of real costs, and when accurate cost accounting discloses losses, it becomes a matter partly of sales administrative policy to determine whether it will pay to be courageous and lead the industry in raising prices to profitable levels based on true costs.

Excellent sales strategy may be worked out from a cost situation of this kind, by concentrating sales effort upon the lines in which true cost figures show the largest margins, while competitors, unaware of their unprofitable lines, spend a large part of their sales energy upon the profitless business.

Costs should be controlled by the general accounts, and should not be "shaded" by any false or careless logic. A salesmanager should be slow to deem cost figures absurd in the light of competitive prices, knowing how widespread is the ignorance and neglect of cost finding. Monthly statements showing actual profits studied by salesmanagers, will cure this, for true costs are, in most instances, always greater than expected. It is a foolish custom to examine profits only at the end of a year. This is too late to save much that may have been made instead of lost during the year.

196. Data on Profits.—Far too little attention is paid by many salesmanagers to the study of profits. This is not altogether their fault. It is remarkable how little valuable information is furnished the average salesmanager, even in those concerns where there is a more or less elaborate cost system and where numerous cost clerks are employed. In the case of a company whose product was sold on an f. o. b. Pittsburgh basis and where the freight item was a factor of great importance, it was not possible in spite of the highly detailed cost accounting system in force to determine whether the business done in territories where the company was not reimbursed for freight outlays was being handled at a profit or otherwise.

A salesmanager should have data on profits, under the following sub-heads:

1. On various types and kinds of products separately
2. On all territories and divisions of territories
3. By individual salesmen, districts and branches
4. By sales to various classes of customers.

In addition, the system should provide for furnishing any combination of this information, as for instance:

1. Profits realized in the various territories by lines of product.

2. Profits realized on sales to the various classes of customers by lines of product, etc.

It is also desirable that the salesmanager be furnished with approximate information under the above heads as regards estimated profits on unfilled orders, as it by no means follows that the profits realized on this month's *shipments* are indicative of what the profits will be on the orders *accepted* this month.

197. Costs and Profits Traced to Individual Salesmen.— There is no reason why merely general data on costs and profits should be available. It is of very definite value to figure out accurately the profit or loss represented by any individual salesman's efforts.

By means of an electrical tabulating device, using coded punch cards, it is impossible to accomplish this in detail even in the most complicated businesses. In a machinery house for instance as described by C. Charter Harrison, cards are punched to give the following information as to an individual salesman's sales:

1. the number of each kind of machine sold
2. the total amount billed for each kind of machine
3. the freight billed for each kind of machine

This information is posted to the Analysis of Machine Sales by Salesman and by reference to the Standard Cost Cards, the standard cost of machines sold is obtained, and totaled by classes in the case illustrated, it being assumed that the standard cost of all machines of the implement class sold by J. G. Jones was $2,000. In order to obtain the relation between the standard and actual cost of this class of machine an inventory account is carried, showing in parallel columns the standard and actual cost of the machine manufactured. In the case taken as an example it appears that the actual cost of the machines of the implement class carried in the Springfield Branch represented 150 per cent of standard, so that the gross profit

realized from J. G. Jones' sales of implements for the month works out as follows:

Standard cost of implements sold	$ 2,000.00
Ratio of actual cost to standard	140 per cent
Actual cost of implements sold	$ 2,800.00
Amount of implement billings	3,010.00
Gross profit on J. G. Jones' implement sales	210.00

CHAPTER XXIV

PRACTICAL SALESMANSHIP PRINCIPLES

198. What Is Salesmanship?—Salesmanship may roughly be classified into routine salesmanship and creative salesmanship. The former type of salesman is often referred to as a "mere order taker." This type is the most numerous, especially in staple lines. The typical example is the representative who makes the rounds among the trade with the question: "Do you need anything in our line to-day?" If customers say "yes," then follows a discussion of samples, terms and prices: if "no," he goes his way.

On the other hand, the creative type of salesman, particularly the specialty salesman, is often told that the customer is not interested and does not see the need for the goods. The creative salesman then helps to educate the prospect to appreciate how he can profit by accepting the offering made.

Salesmanship has been defined in a thousand ways more or less fanciful, but a practical working definition might be "getting goods from where it is made to where it is needed." To accomplish this task a great many arts and sciences must be called into play.

199. The Feeling Accompanying Every Idea or Impression.—The real basis for the value of personality in salesmanship is the psychological fact that every idea that enters a person's mind is accompanied by some feeling, and this feeling is either good or bad, pleasant or unpleasant, satisfactory or unsatisfactory. There is no idea so small

that it does not produce some feeling causing the mind to like it or dislike it.

Everything that the prospect hears, sees, smells, tastes, or feels may result in an idea, and every idea, whether fully formed or not, is classified by the mind as satisfactory or unsatisfactory, and, therefore, helps or hurts in making the sale.

The appearance and dress of the salesman, the voice, speech, and even his breath if it is bad, all produce their effect on the customer's mind. The modern salesman plans definitely to have all these items produce satisfactory rather than unsatisfactory results. In a similar manner, the solicitor should plan to secure the right impression from the prospect by careful attention, not only to the statement of his proposition, but also to the manner of statement, his own personality, and to all of the surroundings.

200. Watching the Buyers' Facial Expressions.—Another fact of psychology is that every idea or feeling that enters a person's mind tends to be expressed. There are dozens of ways in which the tendency of expression may show. Speech, exclamations, shaking the head, movements of the hands or body, the brightening of the eye, the movements of the muscles of the face, laughing, frowning, blushing, are all forms of expression.

Many people learn to control this tendency to show what they are thinking. Most people learn to control their speech to a certain extent. Some learn to control the expression of the eyes, but very few learn to control the movements of their finer muscles of the face and body.

These expressions are very valuable to the salesman. Every good salesman watches his customer's expressions with great care, for it is by these expressions that he must judge whether he is pointing out that which is interesting to the customer, whether he is on the right track or not.

201. The "Approach" Arousing Interest.—To get a hear-

ing from people who are not aware they need or want your goods is, as a rule, not an easy matter. There are so many sellers constantly after the buyer that the latter is weary of listening to them, and in many cases has not the time to give every one an audience. When possible, the way for the salesman should be paved through a previous appointment, either by telephone or correspondence, or through a previous educational campaign of advertising matter, which materially reduces the cost of sales closing. Admission to the buyer—in sales technique called "the approach"—must be sought through strategems, if other means fail. The persevering and successful salesman will generally succeed in "getting to his man" even though at first he is refused a hearing. This requires versatility, perception, personality, courage and courtesy..

In order to find the best possible angle of approaching the subject, the salesman—like the yachtsman—"maneuvers for position" mentally. He endeavors to engage the prospect in a more or less general conversation, or on some topic of specific interest to him, leading from there to his own proposition.

He will secure the buyer's interest for it if he can concisely state that he can effect either a saving or make more money for the prospect.

202. Reaching the Prospect's Mind Through the Five Senses.—The simple psychology of human beings forms the very base of any understanding of selling. A human being cannot be influenced excepting through his mind, which is approached by exactly five senses—five principal nerves that lead into the brain-box: (1) the sense of sight, (2) of hearing, (3) of taste, (4) of smell, (5) of touch. It is well known that most individuals differ in their habit of receiving impressions into their minds. Some get most of their impressions through the eye (and are called "eye-minded"); they must *see* a thing in order to understand it

readily. These are the people (and they are large in number, but by no means a majority), who prefer to *read* your proposition, who respond readily to advertising, and who are very observant, noticing all the features of an article shown them without much assistance.

The ear-minded people, also in the minority, are those who even in their reading, half whisper the words, and prefer to hear talk rather than to read and visualize.

By far the most important of all the senses is that of *touch*. Most of mental impressions and ideas are received in this manner—by personal contact with objects. Such people must touch the goods, work it themselves, and feel it before they are 100% sold. It is vital to good salesmanship that every opportunity possible be provided for customers to touch the merchandise. Even the insurance business, difficult because of the absence of a concrete article of merchandise, can be made less difficult by giving prospects something, a sample policy or a booklet, into their hands. A prospect who takes the merchandise into his own hands is in a very fair way to sell himself. It is sheer folly for a salesman himself to demonstrate a mechanical device while the prospect stands idly by. Usually the customer himself unconsciously itches to make the article work.

These basic facts need ever to be in a good salesman's mind while selling so that he may make no fundamental error. The sheer mechanics of a prospect's mind make necessary such steps of procedure; and they are not theoretical psychology, but proven bodily fact. The safe course is therefore to make each sales presentation a combination of appeals to all five senses, to whatever extent possible, and to emphasize and stress whatever one of the five appears to be most receptive in any individual prospect. But this interest will quickly cool off unless the salesman is

prepared to produce proof and turn interest into "conviction."

203. Developing Conviction.—Producing conviction requires above all that the salesman himself be convinced of the merits of his case, otherwise he cannot be sincere and enthusiastic, and can therefore not hope to produce enthusiasm (the forerunner of conviction) in the mind of the prospect.

After the latter is sufficiently interested to listen, he is, as a rule, either neutral or biased in favor of some competing article. The salesman must marshal his points so that one will lead logically into the other with cumulative effect, until the total impression he has created has crowded out of the mind of the prospect any negative thought; that is, any thought that other goods will answer just as well, or that other considerations do not make the purchase advisable.

It is agreed that the most common fault of sales canvasses is the scattered nature of the arguments offered. It is vital—especially in canvassing the higher type of business men—to assemble logically the proper material and consideration for the prospect to enable him to make a clear judgment. If this is not done, the mind of the prospect is led, not to conclusion, but to indecision.

However, the human mind cannot concentrate on more than one thought at a time. Therefore it has been found preferable by successful salesman to put the emphasis on one or two of the principal points at issue, and dwell on them strongly and repeatedly.

204. Leading Points of Sales Appeal.—Every selling proposition has leading considerations. Sometimes they may not have anything to do with the merit of the goods. For example, when the customer mentions that he has been disappointed by poor delivery of a competing concern, the salesman has often secured orders by emphasizing the ship-

ping facilities and reputation for prompt delivery of his house.

The points of merit of the product by which the salesman attempts to produce conviction are summed up by successful salesmanagers as follows; in the order of average importance:

1. Appearance
2. Material
3. Construction
4. Durability
5. Utility
6. Simplicity
7. Popularity
8. Serviceability
9. Availability
10. Superiority over competing articles
11. Price
12. Reputation of house
13. Delivery facilities
14. Credit terms

205. Adjusting the Appeal to the Prospect.—When the buyer is an expert judge of the goods, the sales talk which is most successful has been found to be an elaboration of the points which seem to impress the buyer most favorably.

As a rule, buyers are influenced to a degree by the judgment of other buyers who have ordered the goods. One of the most powerful levers, it has been found, is the signed orders (or duplicates) which a salesman has been able to show his prospect, proving that other dealers or users have placed orders. Such exhibits are still more convincing if the signatures shown are by firms known to the buyer either personally or by reputation.

Testimonials, original or reproduced in facsimile or in print, have been found less convincing; but they are better than no evidence of popularity or recommendation.

For selling technical products, technical knowledge of them is of course important. It is now recognized that general technical education or factory training for articles to be sold to those who have a technical discrimination is very desirable—though it cannot be relied upon.

When the buyer is not well versed in the line, successful salesmen attribute their orders to the fact that they have emphasized the reliability of their statements and of the policy of the house.

If the sales interview is so managed that the buyer can check up the statements of the salesman right then and there, a great step toward the sale has been made.

206. Studying the Prospect.—The central problem in selling is conceded to be bringing the prospect to feel about your proposition the way you feel. This makes it necessary to find the "point of contact" between you and him.

Now, point of contact between people is rarely impersonal—it is personal and temperamental. The salesman usually finds it necessary first to *sell his personality* before he can sell his goods.

To correctly size up the prospect is just as important to the salesman as a knowledge of the goods he hopes to sell him. As a matter of fact, the salesman's chief value lies in his ability to distinguish between people—to judge them, meet them, adapt to their capacity suitable sales arguments.

It is possible to write entire books describing the psychology of people, but, after all, saleswork deals with common, workaday averages, and few salesmen can be wizards of psychology.

The psychology of selling must therefore be brought down to working formulas, however rough in our present state of knowledge, such as the average salesman can easily comprehend. Practice by large firms has proved that the clever and hypnotically psychological salesman is often more interested in his psychology and cleverness than in the customer.

The keynote which is most generally agreed upon as bringing the best results in selling is the keynote of common sense, plain honest talk and the impression of a sincere desire to solve the problems of the prospect.

The salesman's part is not to use his own personality or the personality of the prospect to merely close an order—it is his first duty *to render service.* Unless he is satisfied that service can be rendered to a prospect for value asked no good salesman has any business even to attempt to sell. The principles of service rendering apply to the salesman as well as to the house.

Nevertheless, as there are two very pronounced types of people, there must be two separate methods of approach, once a salesman is face to face with a prospect to whom service can be rendered.

The first, the "head type," is most readily influenced by appeals to facts, data and reason; the "heart type" by appeals to suggestion, imagination and emotion. No prospect is 100% "heart" or 100% "head"—the qualities are always more or less mixed, but one always predominates. Feeling is a factor to reckon with even in the "head" type.

The prospect reveals himself by his (a) Appearance; (b) Speech and acts.

207. Analyzing Physical Appearance: Forehead and Eyes.—The following "appearance" indicators have been found fairly reliable by salesmen and executives who have analyzed the subject (bearing in mind that in not a few cases "all signs fail").

Forehead: Broad, high, square shaped forehead indicates analytical power, intelligence, perseverance, severity. The more it tends toward rounded and cornerless outlines, the more flexibility of character does it indicate. The retreating forehead indicates imagination, feeling, wit and keen perception. The projecting forehead is a sign of weakness of will.

Eyes: The eyes indicate the feelings rather than the intellect. This is due not so much to their physical char-

acteristics as to their expression—to their action, which is to a large extent involuntary.

A clear, direct gaze, unassumed and natural, is a sign of sincerity, but not an infallible one, as many men have nervous mannerisms which make them appear "shifty." Other factors must be studied for corroboration before any judgment can be verified. Items of eye-study are as follows:

Blue and gray eyes often denote a cold temperament; brown and black eyes usually denote an individual more responsive to emotions, but there are many exceptions to this rule, especially among those whose eyes are large and round.

Small eyes denote an analytical, calculating disposition.

Large round or oval eyes with sharply delineated eyelids indicate a temperament quick to react, full of imagination and feeling.

Eyes set too closely together or too far apart indicate a tendency to abnormality.

Eyebrows that are straight indicate firmness, vigor and self-reliance.

Eyebrows curved and arched indicate temperament and emotion.

The action of the eyebrows is a very important symptom to watch in a sales interview. Raised eyebrows show surprise and attention. Lowered eyebrows show an antagonistic attitude.

When the prospect keeps looking at you or your goods, he shows he is interested. When his eyes move about restlessly, it means lack of concentration and interest.

208. Analyzing Physical Appearance: Lips, Chin, Etc.—The lower half of the face is also worth watching, not only for its construction, but also for its expression.

Thin lips, set in a straight line (especially when accompanied by a thin nose) usually indicate coldness, precision,

industry, order, etc. If they are drawn down at the corners, they show a weak or pessimistic disposition.

Large, well-defined lips show presence of energy and vitality. Lips, however large, if well formed, well closed, indicate power, ability, energy, and good sense. A small mouth is often an indication of pettiness; a large mouth is often an indication of a good sense of humor and good nature.

A small chin usually indicates a weak nature and a fussy disposition, a large chin indicates stubbornness and willpower, and a practical disposition.

The surroundings of a man speak perhaps more than his person. Good logic is essential in making deductions. A man whose office is clean as a pin and snappy and up-to-date can be talked to as a live wire "head type" on the standard, snappy business basis, without any studied-out approach or indirect language. The man whose office is not up-to-date and in which are evidences of lack of success and ability—this is the man whose approach is the hardest. He is invariably a heart type man, or a head type "gone to seed" with hobbies and theories.

Between these two extreme types lie all the intermediary types.

209. Speech and Acts.—It is a fact generally agreed to that what a man says is by far the surest and most scientific way to analyze him; considerably more trustworthy than size-ups of physical appearance. Any man who talks 500 words to a good salesman will get himself accurately tagged. Business men higher up have long recognized this principle. Most of the biggest captains of industry—the late J. P. Morgan and E. H. Harriman, as well as George F. Baer, Cyrus Curtis, Thos. F. Ryan, have been examples of men noted for their *silence*. They have not given the other fellow the opportunity to know their mind, until they have made a final decision.

For this reason, what the prospect says is an important study for salesmen. The rate of speed at which the prospect talks is important to watch, because it is the infallible speedometer that shows how rapidly or how slowly he thinks. It has been found that the most successful salesmen are those who adjust the speed of their utterance to the speed of the mental processes of the prospect, so that the latter can grasp the thought without any strain.

The next important symptom on the part of the prospect to watch, is his *habit of thought.* If he asks many questions it shows an analytical mind that can be interested most readily by presenting your subject in an analytical manner. On the other hand, if the prospect waits for you to build up your proposition for him, without later on asking questions, the experienced salesman will not spend much time in going into all the details of a proposition but will devote his energy to talking its advantages and results as a *whole.*

These and scores of other individual points are indicated in what a prospect says and how—in what tone of voice, with what accompanying gestures and looks.

The special considerations utilized in studying the prospect are these:

The man who receives a salesman without scarcely interrupting his own work, can be interested only if some very important argument is made at once. The prospect who receives the salesman in the attitude of a caller requires some preliminary courtesies before broaching the subject proper.

It is particularly important to watch all the possible symptoms until it has been ascertained that they indicate interest on the part of the prospect.

Then it is up to the salesman to use this interest aroused as an entering wedge and make sure that it does not lag. If it does, the veteran salesman changes his conversation

so it will create new interest. Without interest there can be no attention; without attention there can be no conviction; without conviction there can be no sale.

210. Working Toward a "Close."—After conviction has been produced to the point of "culmination" (which point can be sensed only after some practice), the order must be closed. Otherwise the salesman "talks himself in and out of the order."

It has been found wise not to formally ask the prospect to sign the order. The best results have been obtained when the willingness to order has been taken as a matter of course. To put the issue to the test, the veteran salesman as a rule brings it in incidentally. For example, he will ask such questions as these: "How many did you say you wanted?" or "When shall we ship these goods?" etc.

When the prospect "balks" the skilled salesman tries to find out the specific reason and then reiterates his best arguments to overcome the objection. It is at this point that the training of the salesman and the "sales manual" are proving useful. With their help he can utilize the arguments that have been found most successful in handling similar cases before.

In many cases it is found desirable to go over the same point repeatedly, but from different angles and in different forms, so as to avoid monotony, which would make the presentation repulsive. Some sales veterans are very skilled in these "rebuttal" talks.

It is agreed that adeptness at "turning" an argument after this fashion or in meeting discourtesy, stubbornness, hasty or illogical argument constitutes a good salesman's best capital, for, after all, business men buy because their imaginations have been appealed to. Selling arguments must be adapted not only to the goods, but also to the particular type of individuality personified in the buyer. The final pressure of personality against personality, which

so often becomes a factor in closing a sale, is the ultimate test.

211. The Fine Art of "Closing".—*The principal qualification of salesmanship is ability to close.* "Closing" is the pivot of salesmanship—and a close study of it is tremendously important. The following points must be kept in mind by the man who wants to be a successful "closer."

Watch for the point when the resistance of your prospect ceases.

This is commonly called the "psychological moment." When it arrives stop arguing and write down the order or have the prospect write it out or sign it.

If you do not seem able to reach this point during your first interview, you must make additional calls. It is important, therefore, that you do not leave the prospect in an unfavorable frame of mind that will close the door to future calls.

As a rule, the more important the proposition the more calls are necessary before reaching a close. But the master-salesman prides himself on his ability to close on the first call.

If possible, prove to the prospect that *now* is a particularly opportune time to sign the order. Good reasons for such prompt action, if they can be truthfully given, are—the probability of an increase in price; ability to ship promptly; special discounts or inducements for prompt orders; limited stock, that may prevent late orders being filled or at least from being filled as promptly; a chance to get ahead of his competitors (one of the most powerful arguments).

Subtly make the prospect feel that, as a man of sound judgment, he can—in his own interest—hardly arrive at any other decision than signing the order; that not to do so would really be a reflection against his common sense. This is a strong weapon but should not be clumsily used.

If necessary to go over the prospect's head to a superior officer, the polite but determined announcement to that effect will often result in an order, for few people like to be placed "in the background" as is done by such a proposed action. A delicate question as to whom the prospect confers with usually in such matters will develop the necessary man "higher up."

Become politely impatient, showing the prospect that you can give him no further time on this proposition and that his refusal to accept it will mean more loss to him than to you or your firm.

If this siege does not bring an order, come back again, and again presenting your story from different angles, especially such angles as fit your prospect. They will occur to you as you study over the situation.

When the prospect raises objections, he shows that he is interested because he suggests the points that are not clear in his mind. Primed with the proper answers for these objections, they can be overcome.

The prospect who is silent or who agrees with the salesman on everything in a perfunctory manner, devoid of all enthusiasm, is the most difficult to convince. He is usually a purely "head" type and must be "closed" impersonally for cold reasons.

CHAPTER XXV

STANDARDIZING THE WORK OF SELLING

212. Why Selling Requires Standardizing.—The hallucination that selling is a mysterious individual gift is exploded. The knowledge is current that there is, after all, one best way to sell a given proposition (with, of course, some margin of scope for individual application). Therefore, it is a serious part of salesmanagement to standardize the work of selling so far as is wise or possible. No trained salesmanager for a moment believes in making automatons out of his salesmen—but he also knows the weaknesses of salesmen as a class, and he knows that a certain degree of standardization is an actual necessity for a high degree of efficiency. He knows that dependence upon "star" salesmen is a will-o'-the-wisp; that his chief dependence and concern is with the average level of salesmen, and with the "tail-enders." He does not, as a matter of fact, believe in "star" salesmen—he knows them to be erratic, dangerous, variable, egotistical and unsound in method.

He wants teachable, intelligent, steady salesmen who will mould themselves to a plan and who respond to leadership in concerted action—which means standardization to a certain degree.

Conclusive proof of the need of standardizing may be had by any salesmanager by arranging for each salesman in turn to give him a private demonstration of the technical features of the article. It will be a rare instance that will not show up the use by salesmen of almost as many different names for a part, or as many varying ex-

planations of the use and value of a feature as there are salesmen. Salesmen themselves will be astonished to learn that they have by habit departed from the facts and made mistaken demonstrations, calling things by wrong names, stressing the wrong features, ignoring others that are most important and in general garbled the real situation. Proper standardization would have avoided this, as salesmen are often poor observers, or poor mechanics and in general unskilled in the analysis which should proceed before building up a standard argument.

The need for standardization is much wider and broader than this, however. Some firms have found it advantageous even to go so far as to standardize the appearance of their sales people. A number of firms now require specific standards in the matter of the linen and shaving habits of their salesmen; to insure this, some even assume a part of the laundry expense of their sales people.

213. Standardizing House Policy.—It is now conceded to be essential that the policy of the firm must be standardized; otherwise it is difficult to treat all customers of the same kind on the same basis. Salesmen are thus enabled to tell each customer just what he may expect in the way of credit accommodations, terms of payment, adjustment of complaints, time of shipment, methods of packing, advertising, assistance, etc.

In the chapter on policy (Chapter VI) an outline is given of the policy factors which are important, and the main principle to be observed if any sales policy is to be a success is that it be standardized. "Wobbling" on policy makes every other sales factor wobble, including the salesmen's *esprit de corps.*

House policy should be sufficiently standardized so that salesmen can find it in their sales manuals and data books, unmistakable, clear and unvariable.

214. The Sales Manual.—This is the natural and con-

venient vehicle for standardizing the work of selling. The sales manual is a well-known and widely used device—overdone by some, but far more usually underdone.

A salesman without an adequate sales manual is a pilot without a compass, trusting to blind instinct. He is defrauded of what he has a full right to expect from the salesmanagement. A salesman of the modern kind knows of his own accord that it is folly and injustice to stick a grip of samples into his hand, give him a ticket to his territory and shake his hand good-by. The manual is no more formidable a thing than a convenient note-book of house instructions and suggestions, arranged in an orderly way.

Standardizing the methods by which a salesman can make a sale, does not mean making a parrot of him. It does mean, however, giving him the benefit of the result of the experience of the entire organization and of other sales talents, in sharpening his own sales ability.

The Sales Manual is a book of standard practice, compiled for the exclusive use of the sales organization. Some are limited to a thorough description of the goods and their uses. Others include also points of comparison with competing goods. Still others include rules on salesmanship and a complete list of the selling arguments and answers to objections—all are compiled as the result of careful study. Some even go so far as to include rules for the health, appearance and morals of the salesmen.

215. Table of Contents for the Sales Manual.—The following is a broad outline of an actual Sales Manual:

1. Introductions: Rewards of Salesmanship
   Factors of Success
   Necessity of Study
   Trial period
2. Merchandise: Its manufacture
   Characteristics

Properties
Its many uses

3. Preparation for: How to study the manual
Sales training: How to study the samples
How to study the customer
Salesmen's outfit
4. The Territory: How to analyze the territory
Location of field
Dividing towns
Block system
Procedure in new territory
Procedure in old territory
5. The Prospect: Gaining an audience
Preliminary questions to ask
Showing samples
Demonstrations
Closing the sale
Overcoming objections
Policy of the house
6. Specialties of the House
7. General Helps and Hints
8. The Salesman and the Company
9. Suggestions on Health and Personal Standards
10. Talks on Salesmanship

Further details of standardization of saleswork will be found in the chapter on Sales System and Graphic Records.

216. Ideal Plan for Contents of Sales Manual.—If a sales manual is to be built containing all that an ideal sales manual might logically carry, the following outline (suggested by the Dartnell Corporation) is very good:

Division 1.—History of the Business and its Policies.

a. Importance of Selling the House as Well as Products.
b. Human Interest Story of Inception of Business.

c. Something About the Founders and Their Personalities.

d. The Distinguishing Policies—How They Grew Up.

e. Organization——"Who's Who" Among Executives.

f. Chart Showing Growth of Business in Late Years.

g. "The Future"—Signed Statement by President.

Division 2.—Personal Selling Suggestions.

a. How to Get "Live" Leads.

b. Qualifications of a Good Salesman—Self-Analysis Chart.

c. What a Salesman Should Study—Outline Course.

d. Mental Equipment Each Salesman Should Develop.

e. Physical Equipment Each Salesman Must Carry.

f. Suggestions for Using Said Equipment to Best Advantage.

Division 3.—The Product—What It Is.

a. Points to Remember About Raw Materials.

b. Distinguishing Manufacturing Processes and Methods.

c. Illustrations that Demonstrate Superiority in Manufacture.

d. Main Talking Points in Tabloid Form.

Division 4.—The Product—What It Does.

a. Analysis Chart of Uses, both developed and undeveloped.

b. Photographic and Documentary Evidence of Superiority.

c. Letters from Users—Fac-similes of Big Orders.

d. List of "Halo" Customers by Territory.

Division 5.—Standard Sales Presentation.

a. Importance of Standardized Sales Presentation.

b. Suggestions for Approaching and Interesting Buyers.

c. Model Canvass with Sales Arguments in Tabloid Form.

d. The Demonstration.
e. Introducing Prices, Terms and Delivery.
f. Suggestions for Closing Sales—When and How.

Division 6.—The Order and its Execution.

a. Importance of Signed Orders—Make Them Out Carefully.
b. Reproduction of Well-Executed Orders.
c. What a Salesman Should Know About Credits.
d. Following the Order Through the Factory.
e. "Don'ts" to Remember in Writing Orders.

Division 7.—General Instructions and Rules for Salesmen.

a. Regarding Relations with Various Departments.
b. Regarding Correspondence with House and with Customers.
c. Regarding Coöperation with Advertising Department.
d. Regarding Reports, Expense Accounts, and Route List.
e. Regarding Attitude Toward Customers.

Division 8.—Answers to Common Objections.

These may be secured by a general letter to salesmen first asking them to list objections they most frequently encounter, and then furnishing digest of these objections to all salesmen, asking each one to submit his best answer to each. Thus a composite answer will be secured that represents the combined ability of the entire staff.

Division 9.—"Don't" for Salesmen.

a. Concerning Personal Appearance, Voice and Poise.
b. Concerning Habits, Deportment and Industry.
c. Concerning Competition and House Policies.
d. Concerning Temptations Commonly Encountered.
e. General Reminders and Suggestions.

217. Standardizing Salesmen's Equipment.—There is a marked tendency to reduce the number of samples carried, and to standardize salesmen's equipment. Salesmen in some lines formerly traveled with 5 or 7 trunks. Now they carry one trunk, and instead of showing everything by samples, they show standardized samples, gelatine color prints, cross section exhibits, portfolios of photographs, etc. Even jewelry is now handled in this way. Salesmen's outfits are so thoroughly standardized that loss of time or money is reduced to the minimum. Each outfit is numbered and imprinted, and charged to each salesman until he returns it. Many firms now make it a practice to tag each exhibit with uniform labels, on each of which is printed a summary of the main talking points for each article.

218. Standardization Through Symbols.—The standardization of the titles of the goods through the use of symbols, Dewey decimal system, etc., is now being adopted. The aim is to conserve time in taking orders. The use of symbolic and Dewey decimal systems makes it possible for salesmen to avoid errors, eliminate loss of time and money in writing and wiring, and also to simplify the bookkeeping.

Symbols are great time savers. One firm, for example, utilizes the following symbols throughout its organization:

Rt—retail	Spg—sporting goods trade
Wh—wholesale	Drg—drug trade
Sc—scheme	Sta—Stationery trade
Ex—Export	Dgs—dry goods trade
Jly—jewelry trade	Gnl—general store
Hdw—hardware trade, etc.	Dpt—department store

A firm which has many products and many pieces of advertising finds it most efficient to give each salesman a loose-leaf portfolio in which all the available advertising

matter is represented by a specimen of each, designated by a symbolic mark for convenient reference. Generally a letter designates the kind of goods featured by the advertising matter.

For example, B indicates booklet; F indicates folder; C indicates catalog; L indicates letter. HP indicates house paints; FV floor varnish; PB paint brushes; FL follow-up letter. Numbers indicate specific pieces of literature: for illustration B27 HP would be the standard symbol for a specific booklet upon house paints; F15 FV a specific folder upon the subject of floor varnish.

Standardized Order Blanks for Use with Symbols.—One paint house has standardized its entire line of products and its printed matter with symbols of this character and salesmen are furnished with standardized order blanks with these symbols under various sub-heads, enabling them to write the name and shipping instructions of each customer and to indicate the quantity of goods and printed matter without writing any descriptions. This makes the order easy to handle and fill when received at the office.

At first glance it might seem as though salesmen would resent being told or shown just how to route themselves, just what streets to work in a town, just what trains are best to enable them to work the most towns in the shortest time. But when it is explained to them that the routing has been figured out as a result of past performances, they appreciate that their time and energy can be conserved.

219. Standardizing Salesmen's "Jumps."—One of the reasons why a salesman's second trip over the territory is, as a rule, more productive than his first, is because he is more familiar with local and territorial conditions. The result of standardizing his territory is to give him all the possible information in advance. Thus his time is economized for actual sales work; that is, time spent in contact with prospects or customers.

The Du Pont de Nemours Powder Co., for example, has paid much attention to studying the short and long jumps of their salesmen, with very satisfactory results. This question is no longer left to the individual judgment of the salesman. When it is considered that the time spent by the salesman in actually consummating a sale is very much less than the time he spends in getting to his customers, the importance of economizing his traffic schedule is evident.

The National Biscuit Company has routing standardization down to so fine a point that it instructs salesmen which streets to walk down, how much time to give to each street, when and where to take lunch, when and whether to take a street car, etc.

220. Standardized Definitions.—It is quite important to develop standard terms with standard meanings in order to avoid confusion. Otherwise everyone's definition of the term "customer," or "prospect," etc., will differ.

Each business has its own special angles, but the terms "customer," "prospect," etc., should have a generally applicable standard meaning. The best standard definitions yet worked out are these:

"Customer"—A purchaser within the past six months.

"Prospect"—A concern which has indicated a desire to do business and has been called upon within a year by salesmen, or reached by circular matter, and which has responded within a year.

"Desirable Customers," (DC).—A concern which should logically do business with the house, but which has not yet responded.

Other more individual definitions applicable to the particular line of business or the concern's own conditions should be developed and standardized.

CHAPTER XXVI

INTERLOCKING SALES AND ADVERTISING EFFORT

221. Should Functions of Sales and Advertising Manager be Combined?—The combination of Sales and Advertising Manager into one individual is undoubtedly wrong organization policy, though widely practiced.

A good organization demands that each individual possess the temperamental and technical qualifications for the function he is assigned to. Yet, much as the two divisions of work have in common, sales and advertising management are nevertheless fundamentally different and separate functions. In a number of important aspects (though not all), they require absolutely different temperaments; while the technique of each of the two jobs is absolutely different in detail. And in each case this technique is worthy of one man's entire brains and time, in any but a quite small business.

Circulation, rates, typography, copy, artwork, trademarks, consumer psychology—all these and other subjects are intricate and technical subjects which must constantly be studied. There is an entirely separate and distinct technique and a very real and intricate one for salesmanagement.

A salesmanager, no matter how broad or how temperamentally he may be said to be fitted for *both* sales and advertising manager, cannot possibly give enough time to each of the subjects to keep up with the technique of his job in the way that he ought to, and at the same time be all that a salesmanager ought to be.

The sonorous title of "sales and advertising manager" is often retained by one man, even when the function of advertising management is performed by an assistant. But sometimes such men are more advertising manager than salesmanager, or vice versa, and have the same fatal limitations that a salesmanager has who can never quite feel at home in advertising matters, or vice versa. The principle is unsound.

222. Sales and Advertising Differences Defined.—The great vital difference between sales and advertising management is that the advertising man concentrates his efforts *upon the mass-mind.* In other words, he reaches the typical prospect rather than the individual prospect; he aims at a composite picture rather than the individual picture. The study and influencing of this mass-mind is the ad man's distinctive, special province. It is true that the salesmanager includes in his broad scope the mass-mind; but only in a secondary way. The practical operation of salesmanagement compels him to have a great deal more to do with the *individual mind* than the mass-mind, because the salesmen are the salesmanager's chief responsibility, since they close the orders in individual cases. If he can't teach these salesmen to close orders he is no salesmanager, no matter how much he knows about the mass-mind. Conversely, if an advertising manager doesn't know how to get results from the mass-mind, he is no advertising manager, no matter how much he knows about salesmanagement. In other words, the salesmanager's really biggest job is to understand *the individual mind,* of both his salesmen and his prospects. This means that personality is a very important part of his equipment, and that the study of personality is the chief technical part of his job; which explains why the average salesmanager constantly wants to discuss man-study, personality-analysis

and management; while the advertising man wants to discuss "copy" and psychology and influencing the public.

There are two separate kinds of genius needed in sales development—one, the organized plan to get results from other men by personal contact, and, two, the kind of genius that concentrates on the state of the consumer's mind; that works on the entire group of consumers to increase demand and good-will by means of the new tools of printed page, psychology, and educational effort.

Rightly considered, both are technical departments of the single function of sales development, and under the most successful sales organization plans, both of these departments—management of salesmen, and management of advertising—are under a man higher up, a vice-president in charge of sales, a director of sales, a marketing manager, or head of distribution and sales, who has a wide perspective over all selling efforts, and is not necessarily a technician in any one branch of the work.

223. Organization Position of Sales and Advertising Department.—It is important to clear up the relative authority and responsibility and organization line of connection between advertising and sales departments, as much of the friction between these two departments arises from lack of clarity on this point. There has been considerable discussion as to the proper relative position of these two departments. Sound principle would indicate that the advertising department be under the salesmanager, provided that the salesmanager is a broad enough man of the correct vision and experience to properly function in two very important divisions of sale. If the salesmanager is really of sufficient breadth of knowledge and competence to pass upon matters of advertising policy, combination of authority (though not of technical operation) is the soundest policy. If, however, there is a man higher up in the position of vice-president or other official title who

is the man of broader sales vision in the company who gives his attention and his broad authority in the field of selling, then an advertising department should be on a par and equal basis with the sales department. Matters of any dispute arising between the two departments is settled by this higher executive. It is wrong in principle and in practice to have a salesmanager and an advertising manager, both of whom lack vision for each other's department, and with no man higher up competent to see both the departments from the broader angle and be in authority over them and coördinate their work.

An advertising department under the authority and responsibility of the salesmanager is sound in principle; but the salesmanager should abide by the judgment of the advertising manager whose word should be regarded as final on all matters of technique. Only on matters of policy of a broad kind should authority be undertaken by the salesmanager. It is fatal to have a salesmanager with authority over advertising who has any conscious or unconscious prejudice against advertising, or a predilection in favor of other methods of selling as against advertising.

224. Viséing of Advertising Copy by the Sales Department.—This is one of the most frequent causes of friction between sales and advertising departments. It springs from the fact, already mentioned, that the salesmanager as a rule is in the habit of dealing with individual minds and the advertising manager with the mass mind. When it comes to judging advertising copy, the typical salesmanager is unable to appreciate the considerations which must guide the good advertising writer; he cannot understand the compromises and qualifications necessary in the writing and planning of advertisements, in order that the largest possible number of people in a given field for which the advertising is written shall be convinced. He is unable to see that statements and arguments which a salesman can

"get away with" cannot possibly be used in copy appealing to a great number; and, conversely, that statements prepared for a great number of people must necessarily differ from statements which are made to an individual.

It is also a dangerous matter to present advertising copy to a group of salesmen for opinions. Some wise sales or advertising managers put such copy up to salesmen for their opinion, merely as a diplomatic plan, and then with an attitude of respect and thanks lay aside these comments with but little consideration, unless the unusual happens and a really valuable and applicable idea develops. The main value of getting salesmen's comments on advertising copy is not in the detail handling of such copy, but in its general broad mass effect upon dealers and distributors, and not upon consumers. The diplomatic handling and merging of all these viewpoints is an important part of sales department's task, and an error on the part of an advertising manager is frequently to ignore the dealer psychology, and other aspects from the sales' organization point of view. As a rule it is a wise policy to secure the best judgments and opinions and suggestions from both salesmen and salesmanager *prior* to the preparation of copy, so that whatever suggestions they may have will be incorporated in the finished product.

The viséing of advertising copy by a higher executive is also a frequent cause of friction and inefficiency. This is for the same reason outlined above; the average executive, untrained in advertising technique, views the copy from an individual standpoint and not from the angle of technical preparation to meet the audience it must convince. It is an excellent policy for executives to make suggestions only and then to leave those suggestions to be handled as thought best by the final arbiters of the advertising copy, the advertising manager and the advertising agency.

It is a fairly common fault among advertising men to use language of a trifle too much literary imagination, or to be unaware of some of the trade strategic points of view that might arise in connection with it. This tendency with some advertising managers must be guarded against; but as a rule the advertising agency and advertising manager, working together, eliminate impracticability and secure a dependable result.

225. Increasing the Salesmen's Knowledge of Advertising.—Instead of operating at cross purposes it is now modern practice for the salesman as well as the salesmanager to become semi-advertising men, while the advertising man becomes practically a salesman as well.

The reason for this readjustment can be outlined about as follows:

1. Because in order to push goods with both retailer and jobber, it is necessary to both give indication of existing demand, and to assist in stimulating demand and meeting it.

2. The modern conception that what the salesman is selling is not goods to put into a store; but *demand* for goods; which introduces the question of what is to be done to help move the goods off the shelves.

3. The greatly increased distances to markets available and the greater possibilities of nationalizing demand, which makes it necessary to use the printed word as a salesman, in addition to personal call.

4. The possibilities of efficiency and economy through the intelligent and snappy use of words in doing cultivation work among dealers, follow-up and general dealer stimulation and coöperation.

These main divisions of facts have brought about the situation whereby it is almost imperative that salesmen be better informed about advertising and handle it in a practical manner.

226. Advertising Coöperation Through the Sales Manual. —Many firms as yet do not have a standard sales manual for their salesmen, and they by all means should have it.

The sales manual is simply a standardized form of outlining the arguments for the proposition, the handling of objections and the special ideas, policies, instructions and manner of approach advocated by the concern.

The exact manner of presenting the advertising of the house to the client, and the exact manner in which the salesman is to make use of the advertising of the house is thus formulated. The best form of sales manual is a loose-leaf book. This gives the sales or advertising manager a chance to keep absolutely up to date the instructions regarding any advertising the house is doing, and the manner of its presentation to the trade, or any emergency matter which by stress of competition or other factor needs to be gotten out to the salesmen and presented in a particular manner to the trade.

The first practical thing to be done in the sales manual is to outline the house policy with respect to advertising and its relation to the trade which the salesman sells, and thus give the salesman what is very greatly needed, a real fundamental understanding of what and why the house is advertising. Believing ofttimes that they themselves are the makers and creators of the business, they are likely to transmit this impression to the retail trade; when from the point of view of the house for which they work, they should boost the advertising idea, not only to get the retailers to do more advertising, but also to appreciate what advertising the manufacturer may be doing. The house's effort to make sales, not the salesman's personality, need to be conspicuous and telling.

There are plenty of evidences that in order to get the maximum results from salesmen, nothing better can be done than to make enthusiasts on the subject of advertis-

ing out of each single one of them. By doing this through the means of a sales manual, instilling with great emphasis the importance of being boosters for the advertising done by the house, a great force can be let loose which will unquestionably return profit through the increased interest which dealers will take in the subject.

In the sales manual the salesmen should be told how from the point of view of the retailer, the house is spending a very large sum of money and doing its very utmost to move the goods off the shelves rather than merely to sell him a bill of goods.

After this has been properly emphasized as a strong house policy, details should be given as to the houses' advertising effort and plan. Not a single thing should be slighted. Even if calendars or souvenir buttons or whatnot may be distributed through general advertising to consumer, or if handsome catalogs, circulars, etc., are being so distributed, the full details, the numbers and the expensiveness per individual should be told the dealer, so that this detail will reinforce in his own mind the impression of assistance on a large and generous scale.

In addition to the sales manual carried by the salesmen, there should be a special salesmen's kit or scrap book, containing examples not only of all the periodical advertising, including trade paper advertising done by the house, but also all the booklets, catalogs, and special pieces of literature, novelties, etc., which the house produces. The dealer desires to be definitely shown exactly what effort is being made to help unload the stock it is desired that he should buy.

227. Making Salesmen Sell Advertising Assistance Rather Than Merchandise.—Although in the past the dealers and traveling salesmen used up considerable time in analyzing the mechanical details of an article, the present practice is somewhat different. Wise retailers spend comparatively

little time on the work of buying, and much more upon the task of moving goods off the shelves. In other words, they spend their best energies not upon getting goods *into* the store, but in getting them *out*.

A great deal of emphasis is naturally placed upon the kind of advertising coöperation which the manufacturer furnishes the retailer when the goods are sold. As a matter of fact, there are many manufacturers, notably in the ready made clothing and men's wear field, who instruct salesmen actually to talk little or nothing about the goods unless requested but mostly about the advertising assistance they will give. Even an agricultural implement house has hired salesmen, not for their knowledge of implements, but for their knowledge of advertising; realizing that the hardest part of their task is to sell the selling assistance in the form of advertising which the firm is rendering to its dealers. This is based on the principle that no dealer really buys merchandise, *per se*, but possibility of making sales at a profit. This makes the manufacturer's advertising assistance the decisive factor.

The salesmen should, in many cases where the situation seems to call for it, really be specialists and experts in analyzing the retailer's advertising needs, and in advising him on general sales development for his store.

228. Salesmen and Dealer Help Advertising.—One of the greatest evils inherent in the large amount of dealer help matter which advertisers prepare for retailers, has been that it was carelessly and lavishly distributed, without proper safeguard by salesmen, and that in many cases it has gone into the waste basket or forgotten and ruined in damp basements.

All of this waste might have been prevented by intelligent coöperation and handling of the advertising by the salesman.

This sound shift of viewpoint by the retail buyers has

made necessary some changes in selling front (in fact manufacturers have to a considerable degree helped to develop this change). It compels salesmen, if they wish to be granted some of a dealer's time, to talk turnover and methods of getting goods sold rather than specific merits of the goods. That, in the case of a house of established position, is assumed to be secondary and taken for granted.

The salesman of to-day is therefore drilled quite as carefully, if not more carefully, in the advertising and retail merchandising side of business as in the arguments about the goods.

229. Salesmen's Coöperation with Advertising Inquiries.—Many times the consumer advertising is done not nearly so much to stimulate the consumer as to stimulate the *dealers*. It is therefore vital to check up whether or not it has succeeded in stimulating the dealers and whether they have noticed it.

In addition to this is the consideration of referring inquiries from consumer advertising to salesmen as a bit of ammunition for them in landing a dealer or stimulating a dealer already on the books. By proper coöperation and assistance from the advertising department, all consumer inquiries coming through the home office can immediately be referred to the salesman in that district and utilized by him when calling on the dealer as an additional lever for business.

It is even posssible, when individually desirable, to have a more or less elaborate system by which the dealers are notified by carbon copy of a consumer inquiry and apprised of the date of the arrival of a salesman; the salesman each time being also notified of the consumer inquiry and directed to include on his route the town from which the consumer inquiry originated. In this way the salesman can be routed as emergency seems to make desirable, as the result of the consumer inquiries, if it is a

business in which such a thing is possible or practical.

The salesman can also be used to stimulate the dealers personally to yield up their mailing list for the mailing of the special booklet issued by the house, so that it will reach the exact people most desired. Frequently when dealers will not send a list of their best prospects and customers, they will personally give to a salesman a number of such names. In a limited field like the piano business this probably would be particularly adaptable.

230. Advertising's Part in Sales Conferences and Conventions.—In many cases a long-rooted prejudice against advertising or an indifference to it exists among the salesmen, and it is not an easy job to turn them into enthusiasts. Only at sales conferences and sales conventions, where personal contact is possible, is there any real hope of instilling the maximum amount of enthusiasm for advertising in salesmen.

The practical methods by which this goal is reached, or at least started, included among others something like the following:

1. Addresses by the advertising agent or advertising manager of the house.

2. Addresses by specially hired professional speakers who understand the subject and are guaranteed to stir enthusiasm for advertising.

3. Free and open discussion on the subject, prepared for in advance by planting one or two men who will be sure to make a hit on the subject, by careful preparation.

4. A pictorial presentation of the advertising of the house and a scheme to enthuse through appeal to the eye.

It is sometimes impossible to get all the salesmen together at a central point, in which case it is sometimes most practical to organize district conferences in the same way. Some concerns travel a special representative who is carefully prepared to educate and enthuse salesmen on

the subject of the house's advertising, and whose talk before the district group, or even simply individual salesmen in twos, threes, or more.

231. Advertising to Cut Down Introductory Sales Expenses.—One of the strongest arguments to use upon salesmen as to the general value of boosting advertising, especially in direct-to-consumer technical lines, is the fact that advertising cuts down the introductory work for salesmen and gives them the easier and more profitable work of "closing" sales rather than doing missionary work upon them. The dealer or consumer who has been properly canvassed in advance by the house, is in a much more receptive mood and is ready to take up the final rather than the preliminary facts in a campaign when the salesman calls.

Another fact which is of strong value, is that it takes selling out of the field of chance and personal pull and puts it on a plane of demand from the consumer, and thus gives the salesman a stronger opportunity for holding his trade than without the good will created by the advertising. These two points properly hammered in will not fail to convince any body of reasonable salesmen.

A number of very large concerns actually use the salesmen themselves to put out various local forms of advertising. For instance, the decision as to what newspapers to use or when to insert local advertising on some coöperative part payment plan, is frequently left to the salesmen if they are properly informed and advised of the house's policy.

CHAPTER XXVII

THE STUDY OF AGGRESSIVE RETAIL MERCHANDISING

232. Why Retail Merchandising Insight Is Essential in Salesmanagement.—The average manufacturer is dependent upon retail distributors and he can succeed only in proportion to the aggressiveness of retailers in his field. Salesmanagers, therefore, must, to some degree, master the principles of aggressive retailing so that policies of dealer assistance may be geared up to the actual retailing situation in an effective manner.

The salesmanager may need to undertake to tune up the retailers in his line of trade and endeavor to lift their collective standard of creative sales efficiency to higher levels. Certainly he needs, under any circumstances, to broaden his knowledge of retailing, if only to be a better judge of the effectiveness of his own organization's efforts to create dealer helps and advise retailers. It must not be forgotten that the coming of the chain-store has brought a greater degree of aggressive, intensive retail salesmanship into operation than has ever been known, and that salesmanagers owe it to retailers competing with chain-stores to help work out solutions to their sales problems.

A knowledge of the principles of *aggressive* retailing—the art and science of retail sales promotion as worked out by the intensive students of the subject, both from the point of view of the manufacturer and the retailer—is of the highest value to any salesmanager. In some fields the degree of his grasp of aggressive retail merchandising will determine his success or failure. Many sales policies are

doomed to failure from the start because conceived without due insight into retail merchandising. Mediocre success in selling a line dependent upon retail effort is attributable to mediocre knowledge of principles of retail merchandising.

Herewith are assembled some outstanding principles, ideas and suggestions which do not cover the whole subject, of course, but which give some idea of the scope and spirit of it.

233. Selling Sales, Not Goods, to Dealers.—At the very first approach to a retailer, the modern aggressive point of view is important to assume. The point of view is all important. No dealer is in the business of buying—he is a seller; therefore it is unsound to talk to him purely in buying terms.

The thought of money coming into a man's pocket is very pleasant, but the effect of buying goods and paying for them is not quite as pleasant. The spirit of constructive selling to retailers is to say to him, "You work out these plans I am suggesting, and you will find that you will make three or four times as much as you ever made before." In the end, of course, he cannot do that unless he buys the goods, but if you have your plan worked out and impress on him how much additional profit he is going to make you have done a great deal—not only to sell your goods but to lay the foundation for repeat business.

The average retailer in a small town would think 500 a tremendous quantity; he usually thinks fifty or one hundred all he wants to buy. His vision of sales should be raised by saying, "Take for instance the number of people you have selling. Assume there are three, and each person sells three articles a day. That would mean nine a day, which would mean 270 in thirty days. Why, five hundred is going to last you less than two months. That gives you the advantage of big window displays, big coun-

ter displays." Of course it is not wise to overload a dealer, but it is very wise to build up *his selling capacity*. He should be developed toward the point where, when he makes up his mind to buy, he at the same time makes up his mind just what ad he will run; just what course he will follow; he must really sell the goods in his mind's eye before he has bought them.

The science of turnover doesn't mean that a dealer cannot buy big quantities. The all-important thing is to have a campaign worked out when buying, and jump into it just as soon as he gets the goods—even before, in order to turn the goods over.

234. Surveys of Retail Possible Business.—A retailer is merely the manufacturer in miniature, so far as the main essential of business goes—that of selling the goods. Therefore it is profitable to use the same principles of intensive cultivation and study; of applying engineering principle and more exact method of analysis. The chain-stores have demonstrated this, in their highly scientific study of passers-by, location values and the relative turnover and profit on individual items.

A retail store has a specific, chartable radius of appeal; a specific, tabulatable number of possible customers of various grades, and a specific range of articles possible to sell; and a specific average quantity which it can probably sell in any given period. Its status in competition is a knowable thing; so is its good-will and standing with customers. In short, the facts about the operation of a retail business may almost as accurately be forecasted *in advance* of the actual operation as after the step is irrevocably taken. It is not necessary to leave much to chance; and a good survey of a store's scope and possibilities is one of the best investments possible to make. An interesting plan is to coöperate with live manufacturers in taking a survey of the business. This applies with es-

pecial force to an exclusive agency plan of selling. A manufacturer needs just as much as a retailer to know sales possibilities.

235. Getting Power and Punch Out of Advertising.—There is a great deal of advertising of many kinds done to-day by both manufacturer and dealer, and much of it is of very high grade. Theoretically it should perform very efficiently. Yet the bulk of it operates clumsily and wastefully for one chief reason—lack of coördination and organized coöperation. The sales promotion manager, Mr. Demoville, of the United Drug Stores, has put this situation in retail efficiency very graphically, showing how advertising alone and unsupported is small in value but properly supported can be of great value, as follows:

Advertising alone	10%
Advertising and window display	20%
Advertising, window display and counter display	25%
Advertising, window display, counter service and salesmanship	50%
All of the above, plus salesman's bonus	100%

The aggressive attitude toward the selling of goods must be developed so that the above facts will be visualized, and the modern attitude taken by the retailer toward the goods in his store. The attitude of mind must be changed from that of an order-filler to that of an order creator. There must be a realization that to depend on the drifting in of customers, or the creation of demand by manufacturers only is wrong in principle; that the same aggressiveness displayed by the manufacturer in advertising must be added to and supplemented by the retailers' similarly aggressive advertising.

236. Equipping Sales People to Push Goods.—Mr. Demoville of the United Drug Co. further says: "It is really

surprising how little the average clerk knows about the product he is selling; how few clerks really can talk intelligently on much of the goods they sell. To meet this situation, in our intensive backing up, the United Drug Co. got out a series of books descriptive of the products sold in different departments of our business. We offered a series of prizes for the best list of questions and answers pertaining to the articles sold in the toilet goods department. We got out another book on rubber goods.

"We interested experts all over the country to get these facts from different people. A very important thing to tie up with any work of this kind is to say, as we suggest to our managers, 'take these books, give them out to your sales people, and tell them that you are going to have a little get-together meeting. At this meeting there are going to be ten questions asked. Every one of these questions are answered in this book. The person who passes the best examination is going to get ten dollars.' The first book we got out on rubber goods proved conclusively the value of this method."

237. Profit-Sharing for Salespeople.—Intensive merchandising demands that you have to hold out some incentive to salespeople. Some form of profit sharing is necessary to get them to do aggressive work. Department stores frequently use a percentage bonus plan; even a conservative London store like Harrod's adopts this plan.

The United Drug Co., in operating a very intensive campaign for one preparation, allows five cents on a dollar price to be given to the clerk in the store. It believes that in order to get advertising backed up, it is necessary to give that five cents on each package. In some way the man behind the counter has got to be interested in backing up goods. It cites an instance in Texas where a certain retailer sold five thousand cans of a certain article, stimulated by this plan.

The great trouble as far as sales help is concerned is that the average proprietor is not willing to do this educational work and profit-sharing and until recently it was almost impossible to get him to pay help in proportion to sales. Self-interest is an element of human nature that must be recognized. A sales-person is willing to do additional work, study and put in additional time in proportion to what he thinks it is going to benefit him, or her.

A case is mentioned of a $15.00 a week saleswoman with an average sales record of two and a half times the amount usually sold. She had a knowledge of human nature and a knowledge of the goods. This woman would be a very much cheaper person behind the counter at $40 or $45 a week than the average person at fifteen dollars a week. A retailer should say to a clerk, "This position has got to be worth so much money to you. If you cannot make that, it will simply show you are not suited for the position and I will not want you at all."

237. Getting Salespeople to Think.—The salespeople all over the country in many instances do not properly represent the store. There is only a limited number of merchants who appreciate what this means.

It is very important to do everything possible to get the clerks to think. The United Drug Co. offers a series of prizes every three months; sometimes shares of stock in the company, or trips to different points in the United States. These contests have done a great deal of good. Prizes for any selling ideas, anything that increases the efficiency of the Rexall Drug Stores, are given.

Oftentimes the proprietor or the best posted man in the store is in the back part of the store during busy hours attending to matters somebody else could easily attend to, while a fifteen-dollar-a-week clerk is up at the front attending to the customers.

This is a serious inefficiency. Constant original thinking

needs to be done. If a customer asks for one thing, the psychological time is right at that moment to place before him something else along that particular line associated with the article asked for. If a person asks for a tooth brush, there should be shown, in the tray containing it, everything that is sold for the teeth. The instructions to the clerk would be that if one of these articles is called for he must take out that tray, and must study the customer's needs in a thoughtful manner.

238. Fighting Invisible Competition.—The unthinking retailer will ususally be found pessimistic about ordering goods, and full of rule-o'-thumb explanations why. Few of these explanations are correct, except possibly the mail order explanation, which as a rule is even more serious than he knows.

The competition of the nearby larger center is often a serious factor, which cannot be overcome except by the lever of the smaller costs which a small town dealer should have as his natural ally, because of lower rents, etc. The greater degree of local service possible is another ally which the small dealer has. Yet both these natural allies are far too often left unused, with the natural result that the scales tip toward the invisible competitor.

The most ruinous "invisible" competitor of many a retailer is really not invisible at all—except to himself—because it is himself. He ruins his own opportunities by charging excessive profits, by laxity, by carelessness, by antagonistic practices and by general absence of aggressive, analytical merchandising.

To this type of dealer, the live salesmanager, with a retail merchandising vision, can be an awakener and a developer. It is a slow process, but even at a slow pace the work of developing retail efficiency is highly worth while, because of the great number of retailers. A salesmanager without a policy to meet his retail limitations is damming

up his own forward advance. The retailer's invisible competition is like a prison around him, from which only the manufacturer's constructive effort may unlock him, because the manufacturer has the national vision, the large profit incentive to investigation and study which the retailer has not.

239. Decrease Cost of Doing Retail Business.—It is the opinion of retail experts that most retailers could do from 20 to 30% more business with the same amount of help and general overhead, if their merchandising was on a more enlightened and aggressive plane. It will be seen, therefore, how important the study of aggressive merchandising is, since it means the difference to many retailers between profit and loss, between working at a mere living wage or making a desirable income; or even between success and bankruptcy.

The cost of doing business in various retail lines varies of course considerably; but the average cost in all lines is considerably beyond the efficient point, or the cost figure which the livest and best stores achieve. In fact, they are as a rule 25% higher than they should be. A well organized drug store, for instance, can be operated at an average cost of selling of 11%, whereas the actual average sales expense runs up to 16 and 20%—chiefly for lack of aggressive selling policies.

The general cost of doing business in various retail lines is interesting to note:

Department Store	26.4%
Small Dry Goods Store	16.3%
Shoe Store	23.3%
Credit Grocery	19.2%
Cash Grocery	14.5%
Hardware Store	19.4%
Clothing Store	20.3%

Drug Store.....24.6%
Furniture Store.....23.4%
Jewelry Store.....25.3%

Lack of understanding of turnover—simply another name for aggressive, swift-moving merchandising—is responsible for the most prominent fault in retail costs—depreciation. It ranges from 1.5% to 5%. This item of depreciation has tempted many retailers into bad merchandising tactics of one sort or another, and has upset their first calculations of profit. The item of rental is another large source of loss. Retail rental, properly understood, is a science based mathematically upon number of passers by per average business day. Rents not based on this measure are usually an unproductive drain on cost of doing business.

Costs of doing business cannot be expected to decrease except by application of aggressive merchandising, as all cost tendencies are upward; as illustrated by the fact that from 1883 until 1912 retail selling costs doubled.

240. The Turnover.—No retailing subject is so little understood by the average retailer or so stubbornly ignored as a principle. The average retailer fixes his eyes upon his cost of doing business and endeavors to operate his buying solely on that basis. He wants to judge the discounts offered him only by the measure of his cost of doing business, forgetting that he could make a great deal of money out of an article which offered him only 1% discount if he could turnover such goods with sufficient volume and rapidity. At the same time he might purchase goods offering 100% discount and if they stayed on his shelf for a year or two (as such goods frequently do) he would still fail to make a profit.

The manufacturer, therefore, who has, by advertising and development work, built up a turnover value for his

goods which permits a dealer to make the profit attached to it, not once a year, but three, four or five times a year or more, is in reality offering a discount just that many times more than the discount of the other article, which turns but once. The grocers have for years argued against the discount offered, for instance, on Uneeda biscuit, whereas the very unusual turnover of 52 times is possible on this article. Retail turnover value costs the manufacturer much money to develop, and he quite logically asks the dealer to adjust the rate of discount to the speed of turnover, which he has paid to build. The dealer is nevertheless still the financial gainer unless he can't even be ordinarily efficient in handling his stock.

The prejudice still existing among many retailers against advertised goods because of moderate or low margins has retarded many retailers from succeeding to a greater degree, and has actually driven many good articles into the chain stores and into the 5 and 10 cent stores, which appreciate to the full the significance of small margins many times multiplied on goods which have been made known by the manufacturer and require no effort to sell.

Turnover is now made the religion and disciplinarian of successful retailers large and small. It is analyzed in detail so that no unprofitable merchandise of any kind or description is permitted to remain beyond the dead-line of turn-over time. There is a mathematical ratio of falling value of merchandise on a dealer's shelves in relation to the march of time, and the live retailer never sits idly by while that ratio creeps upward into his profits. A manufacturer's policy in selling to retailers requires to be acquainted with retail turnover so as to avoid trade friction.

241. **Departmented and Itemized Costs.**—Perfect control over a retail business is impossible without departmented costs, and these departmented costs can be made the means to steer the business in a very deft way toward greater

profit. Some of the biggest merchants in the country have no idea of the cost of doing business in different departments. In arriving at these figures it is necessary to divide the total expense of rent, light and heat by the amount of feet and get the amount covered per foot; then apportion the amount to be charged to the front part of the store, the central part of the store and the back of the store. Then take the amount of capital invested in fixtures, etc., and deduct ten per cent for depreciation, ten per cent for interest, taxes and insurance. Department costs require also consideration of capital invested—they should be about three per cent higher than when they do not consider capital invested.

The prescription business, considered by some to be the most profitable part of the drug business, is not profitable; a fact not uncovered except by departmented costs. Goods heavily advertised can be sold for very much less cost than anything else in a store. Proprietary articles can be sold for a cost of fifteen per cent.

A dealer without departmented costs will take up things that don't pay him, spend time on them to the neglect of his more profitable lines. He will also delude himself into believing certain departments are profit makers to a much greater degree than they are. A druggist who estimated his soda fountain costs to be 27% was shown by a cost expert that it was 35%; that his cigar department which he thought was costing 22% (and was therefore neglecting) was costing only 11%.

Retail cost keeping may be developed to many surprising fine points, such as the fact that retail costs vary even on individual items in the same class. A dozen knives or spoons cannot have the same costs, even though they were paid for at the same price each and occupy identically the same amount of store space each. The finely split cost analysis will show that whereas the first knife cost possibly

11%, the last one sold cost 40% or more. The possibilities of itemized costs are readily seen when endeavoring to keep vividly clear the factor of cost, and operate a store on cold facts of profit making.

The salesmanager's interest in departmented and itemized costs is obviously keen, as it gives him the opportunity to make comparisons and contrasts in his analysis to retailers of the place in the dealer's profit-making of his article or brand.

242. Increasing the Average of Sale.—Aggressive retail merchandising demands the expansion of the average amount of sale made. The mere automaton dealer, the "cash register" type of retailer, merely sells the customer what the customer practically insists on buying. The amount in money that the average customer spends on his visit to the store is merely the minimum of sales possibility; merely the starting point for good aggressive retailing. It is now well recognized that the principle developed by department stores years ago, of making no effort to sell and of letting customers wander about and "sell themselves," and of employing only the cheapest help, very slightly trained, is a merchandising mistake.

It is now being superseded by a higher grade of retail salesmanship, more on a par with European standards, where the efforts of salespeople to sell more than the first automatic sale is not resented by customers because it is done in a trained and intelligent manner. It is only the crude effort to sell which offends; and the supposed preference of American shoppers for never being asked to buy when in a store is only based on the fact that in practice such selling effort was usually crude and valueless to the customer. Good suggestions, well-informed, courteous salesmanship is never out of place in a store under any circumstances. Furthermore, the once common American custom of leisurely shopping, which gave time for custom-

ers to review their needs in their own time and manner, has disappeared. Women as well as men are as a rule too busy to spend a great deal of time "shopping around"; stores report a distinct decline in this old habit.

The modern idea is therefore the careful training of salesmen to increase the average of sale. If the average of sale is 33 cents, it needs but an increase to 40 cents to double the profit. An intelligent effort along this line is known to produce an increase of 10 to 15% in average daily sales. In this way the net profits of a store may be doubled with the same amount of help, for the increase represents a greater ratio of profit by far than the lower amount. The effects of this are seen in the annual sales volume of exceptional retailers in small towns who, judged by the average achievement of other retailers in their class, would be doing fairly well to sell $40,000 annually, but who do more than double this amount.

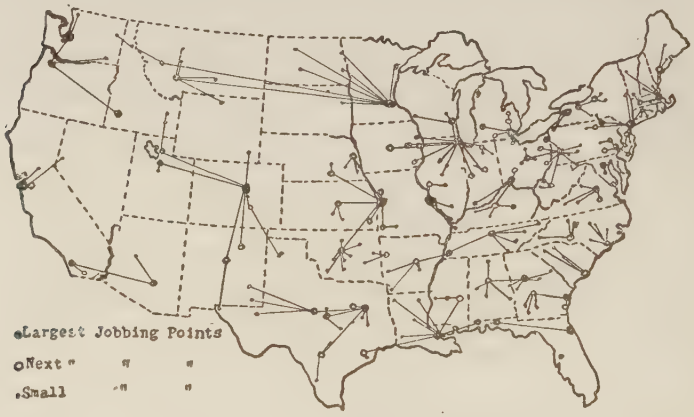
CHAPTER XXVIII

WORKING WITH THE JOBBER

243. Necessity of Carefully Laid Jobber Policy.—At the very outset of establishing jobber relationship, looking toward stimulation of demand, it is very necessary to lay down rigidly fair and thorough-going policies. The main principles of such policies must be uniform and unbending equality of treatment and a square deal. The spirit of such coöperation must also be that of affording the jobber every advantage, even to the point of temporary loss and inconvenience. It sometimes pays the manufacturer to deviate from rule (though not from principle) and be inconsistent, but never to try to "cut corners" in jobber policy.

The chief factor around which such careful policy must be built is of course *price*. Price is the foundation upon which the jobber does business, as he exists solely because of a price margin given him in the transaction for a middleman's service. Therefore a jobber is treated unfairly and dishonestly by a manufacturer when the dealer in the jobber's territory is granted jobbing prices, or even when orders are taken direct at dealer prices, or when special inducements are held out, or lures or incentives, however subtle or hidden, given for dealing direct. It is sometimes sound policy for manufacturers in a situation where they are not wholely and logically dependent upon jobbers—to straddle both methods of selling, direct to retailers and through jobbers. But it is necessary to most carefully analyze the basic situation at the start before any such

policy is adopted, in order that the very life of the business may not be threatened. It would be ruinous to make a fundamental error in this regard. The wide-spread enmity of jobbers toward an article which can only be distributed logically through jobbers is, of course, practically fatal. For articles which have a sufficient sale in the territories which can be reached direct, and which by reason of weight and other considerations can be supplied



NATIONAL JOBBING CENTERS AND SUBSIDIARY DISTRIBUTING POINTS

direct, the jobber may be dispensed with. On the other hand, when jobbers are not getting the best out of a territory, well-considered policies must be laid to stand behind the jobbers and push, if the article is a logical jobbing article; or perhaps if it is not, an entirely new policy of distribution may need to be developed.

Once having decided to get behind the jobbers with assistance and stimulation, a manufacturer can afford to "lean backward" in the earnest effort to cultivate by unquestionable proof of fair dealing, a solid feeling of mutuality of interest between jobber and manufacturer. The

technique for doing this is varied and can be developed successfully in any line of business.

244. The Missionary Plan of Assisting Jobbers.—In all the great widely distributed lines of merchandise, such as hardware, groceries, dry-goods and drugs, it is a hopeless task to endeavor to cover the country with salesmen; the various national, partly national and local jobbers cover the territory regularly.

But these jobbers cannot, from the very nature and breadth of their task, give much attention to any single brand. In some lines they must handle 80,000 or more items. They must be assisted, if sales are to be pushed.

The most commonly practised method of assisting jobbers is that of traveling missionary salesmen who, although they do not take orders themselves but turn them over to the jobber's salesmen or the jobber, nevertheless effect a direct contact with the retail trade traveled by the jobber. Some manufacturers can afford salesmen enough to travel their men with almost every jobber's salesman who travels the field throughout the country. Others travel missionaries only at intervals to the entire trade; and still others do not attempt to cover the entire country, but call on only the important dealers, and permit the jobbers to reach the more inaccessible districts alone.

This missionary plan is successful only when a rigid policy is maintained of transferring all orders carefully to jobbers, and specifically boosting the jobbing salesman's sales and aims. The missionary must develop no goodwill with the dealer which is not equally goodwill for the jobber. Such missionaries are not salesmen, in the right sense, but advisors to the merchants as to how to increase demand. The assumption is that the dealer is already a customer, and that what he needs is expert assistance direct from the manufacturer, to increase his volume of

demand. Actually, however, he is a salesman, out to get orders wherever orders are slow or stubborn in coming.

Of course, such missionaries also aim after new dealer accounts, and naturally special effort along this line is especially welcome to the jobber. The conflicting interests of local and national jobber are also a problem in some lines of trade, and careful instructions on policy must be given the missionary men so that the situations that arise may be dealt with diplomatically and justly. It is also necessary to see to it that the jobber salesman does not lean too heavily upon the missionary men, and does the share that may logically be expected of him in sales development. The missionary field reports should be studied and tabulated with care in order to secure a good picture not only of local reasons for backward business, but also national and fundamental ones, whether regarding the article itself, business conditions, house policy or distributor's lack of ability and energy.

A missionary is an ambassador, so to speak, and should be selected for tact, versatility and clear-sightedness in addition to selling ability.

245. The Size of the Jobber's "Spread" as an Inducement.—The normal jobber's spread on all specialties or semi-specialties is 20%. This means that the total percentage to the jobber, inclusive of his own and the dealer's margin, is about 50%. In many cases it is but 40%. As the average cost of doing business among wholesalers is about 12%, it will be seen that an article must have an extremely rapid and automatic turnover before it can profit a jobber to handle it at less than 20%. As a matter of fact, the jobber, like the retailer, handles a great deal of merchandise of the more staple and rapidly turning kind for almost no profit, and even in some cases at a loss. He is therefore forced to secure some degree of recuperation of his loss from the specialties and semi-specialties. A manufac-

turer of a new or fairly new article, the demand for which is thin and uncertain, must expect to give the jobber a good margin, as near 50% as the circumstances will possibly allow. For an article whose demand is yet to be created, and for the development of which the jobber is to be relied upon almost exclusively, a still higher margin is entirely equitable. In cases of articles upon which large margins are possible, jobbers have been known to be given a 100% gross margin during the formative years.

Later, when demand is established by the help of the manufacturer as well as of the jobber, but chiefly by consumer demand created by good advertising, this close margin may logically be reduced. Friction ofttimes is developed when the manufacturer who has given such an extra margin of profit to a jobber for development work, reaches the point when he believes he should reduce it. Jobbers often then make the plea that they have given years to the development of the article and should be entitled to a maintenance of the original large margin. This, however, is an unsound argument, as the logical answer is that the jobber has been paid for his work as he went along by the larger margin, and now when he is called upon to do less development work, when the sale is more automatic, and selling it much less expensive, his pay should logically be less.

Nowadays, however, there are comparatively few cases where the development work is entirely laid upon the shoulders of the jobber. After all, the jobber is not a sales developer, but a distributor, and the task and responsibility for creating demand is logically upon the manufacturer. It is unsound to ask or look for a greater degree of development from a jobber than he would give any other article which has an equal demand.

246. Interesting a Jobber in a New Article.—This is found by many manufacturers to be a discouraging task.

They scarcely realize that the jobber is entirely correct in his idea of keeping to his function as a distributor, and not as a sales agent. His answer, often irritating to the manufacturer, is "create a demand and I will supply it." The manufacturer finds it difficult to see how he can logically stir up a demand before he has the machinery in operation to supply it. The technique of doing both of these things simultaneously is one about which competent sales and advertising counsel must inform him, and develop a method fitted to his own specific needs. His problem is more or less like the job of starting a train of cars from absolute standstill. In some instances it is wise to plan a start on a territorial basis, and in others it is wise to operate on a national scale, selling the high spots direct, and following later through the jobbers. Each individual case has distinct and vital differences, and several methods may fit one concern if accompanied by strategy fitting the case. The same principle holds in all cases, however, that jobbers must not be expected to stock the goods unless there is a demand, if not an existing one, then at least one in sight, if not for that brand, then at least for that type of article.

The correct mode of procedure is to make an extremely business-like prepared call upon jobbers with all the facts that are essential to his consideration and decision; giving clearly thought out and correct analysis, in merchandising terms, of the logical place which a new article may have, by reason of quality, price, quantity, novelty, timeliness or need. If it can be shown that a basis of a demand exists, the jobber is justified in taking it, and that justification is the salesmanager's platform of operation on other jobbers the country over.

247. Special Methods of Influencing Jobber Salesmen.—Because of the increasing conditions and cost, jobbers in most lines are awakening to more modern methods, and

have a broader view of manufacturer's coöperation than was prevalent in the past. A live manufacturer should have no difficulty with any jobber in securing permission to make sales talks to their assembled salesmen, and also to give demonstration and educational drills in selling the goods. Jobber salesmen are human beings, subject to a certain degree of enthusiasm and development, to which the jobber does not object, in fact desires. The live manufacturer takes advantage of this and endeavors if possible to get the jobber salesman to develop some interest and enthusiasm in his goods if he can, taking care while doing so to impart enough general educational value so that the jobber will see that the process builds up his salesman's general efficiency.

Jobber salesmen are naturally desirous of securing as large a volume of sales as possible, and live selling coöperation plans interest them if they appeal to them as up-to-date and effective. Special leaflets, booklets or manuals treating of the article and the best way to sell it are useful, and it is frequently possible to secure the names and home addresses or even route lists of the jobber salesmen from the jobber to continue their interest by sending facts, ideas and suggestions at frequent intervals. House organs are also used.

In some fields it is possible to introduce a system of special rewards for salesmen; and merchandise prizes and bonuses have been found to be effective where permitted. Such offers and plans must of course be carefully presented to the management before attempts are made to influence the men, and in operating such a plan care must be taken to keep the plan alive and up-to-date if it is to be effective.

Special or spasmodic methods of securing jobber coöperation may sometimes be practiced by firms which do not

operate any steadily maintained efforts at jobber stimulation, by means of periodic advertising drives, special prize offers or seasonal campaigns. Jobber salesmen respond to novelty, attractiveness, interest, enthusiasm and personal contact.

CHAPTER XXIX

STIMULATING AND ASSISTING THE DEALER

248. The Manufacturer's Partnership with the Dealer.— No modern salesmanager considers his work finished when his goods are on the dealers' shelves. Many failures have come from wrong policy on this point. The dealer is theoretically a demand developer as well as a demand supplier. but practically speaking, comparatively few dealers grade high enough in experience and organization to achieve this ideal. The manufacturer must count on bearing a third, at least, of the burden of getting the goods off the dealers' shelves. With even the livest and ablest of retailers this coöperation is essential, because the manufacturer is logically in the best position to work out the most effective way to sell his goods, and devise plans and ideas and operate campaigns to develop demand. With the great body of mediocre and backward retailers it is actually necessary, if wider markets are desired, to do the work of development which properly should be done by the retailer himself. The manufacturer often needs actually to teach the art of retail salesmanship and policy of management to the retailer, or at least add to the retailer's knowledge and ability as far as possible. Approximately one-half or two-thirds of the retailers in any field are considerably below par as creative sellers of merchandise, as is evidenced by the great inroads made by chain stores and mail-order selling, to say nothing of the high percentage of retail failures.

A salesmanager's supremely important duty is to in-

crease the selling efficiency of the retailers handling his goods, for such dealers are virtually partners in the enterprise of marketing his goods. Whether selling a staple or a specialty, selling help is due to the retailer, and every auxiliary means for stimulating demand. It should also be a foregone conclusion that the manufacturer supply the retail clerks with the right information and arguments for the product, even if in no other form than that of instruction leaflets addressed to retail clerks packed in each quantity container. The clerk must also be viewed as a partner.

The accompanying chart shows the relation of the manufacturer to the various plans and methods of stimulation of sales through dealers.

249. Stimulation with National Advertising.—Effective national or local advertising is quite naturally the most welcome stimulation and assistance which a dealer might ask. It is the broadest invitation at the cost of the manufacturer to the public to come into the dealer's store and buy. Long experience has shown to retailers that the advertised article is the most desirable, taking the least time and effort to demonstrate and sell. Therefore national advertising is a powerful stimulant to dealers. Like all powerful stimulants it is of course overdone for the reason that dealers have been deceived by glib and unscrupulous salesmen in the past, who made claims and promises of tremendous, wide-reaching national advertising which never materialized. Impressive "flash sheets" showing proofs of extensive advertising campaigns have been shown, whereas very small ads or even none at all are used. This has made many dealers cynical of sweeping claims of publicity. They demand all possible proof and details, for the reason that the dealer finds it hard to check up the statements of the salesmen about national advertising. It is much more effective to make a very concrete

demonstration. Magazines and periodicals now often furnish statistics of circulation by states, cities and towns, and it is thus possible to furnish salesmen with statistics enabling them to demonstrate to dealers in any locality the approximate number of subscribers or readers (counting no more than 3 readers to each subscription or copies sold) who will probably see the advertising done for his trade benefit. As the strong temptation to over-state the amount of national advertising done has made many dealers skeptical even of the value of national advertising claims, therefore it is the wisest possible policy to provide as much of facts and frankness and authenticity as possible in any national advertising representation.

To make forthcoming national advertising vivid to the dealer, it is naturally important to show him proofs of the advertisements. This is often done by large size folders or books in which colored reproductions of the covers of the various magazines or newspapers are shown, together with good proofs of the advertising itself. It is a clever scheme much used in recent years to put such advance proofs of advertising on an accordion style folder so that the many "ads" in a proposed campaign be shown in a continuous series, side by side, stretching out many feet long in such a folder when opened out by the salesmen in an impressive manner.

The "link-up" argument after such a campaign is demonstrated is a very powerful one, and when made in the right manner with the right introduction and by a house commanding some degree of confidence is usually productive of results.

Where salesmen cannot travel, a good mail presentation of such advertising is of much value, whether by a house which sells through jobbers and is endeavoring to stimulate demands from the jobber, or by a house which sells direct to the trade, but does not have a sales force sufficient

to call on the entire field. A new concern starting in business with a national campaign, is under the right conditions and circumstances, sometimes able to annihilate time in this manner by inviting the coöperation of dealers on the basis of national advertising about to appear and thus attain distribution to a fair degree simultaneous with the appearance of national advertising.

250. Synchronizing Dealer Coöperation with the Appearance of Advertising.—Striking effects of unusual efficiency in getting business are obtainable in many cases if dealer activity is stimulated at the right moment when advertising freshly appears. This fact is based upon the simple truth that advertising is at its maximum of efficiency, simultaneous with and immediately after its appearance before the public. Its efficiency descends downward with each succeeding 24 hours from its first appearance; therefore it is scientific to synchronize the maximum of effort by dealers everywhere at the moment of such appearance. The effects of such a plan are now greatly heightened by the fact that periodicals of national circulation are released almost at the same hour throughout the United States, from the Atlantic to the Pacific. Even street cars and billboards are now operated from centralized sources in such a manner as to permit also of splendid synchronized efforts. Competent counselors can engineer plans of this sort in a manner which secures nearest to 100% efficiency out of national advertising, especially in cases where such national advertising must of necessity be closely economized and made to yield the last ounce of value.

Mailing of proofs of advertisements appearing, to be pasted in the dealer's window or set up in the dealer's store are excellent if the mailings are scheduled geographically to arrive at the right time. Synchronization of periodical advertising with street car and billboard publicity on a still larger scale is also fully possible. Street

car or poster campaigns can be synchronized with national or with localized efforts, affording an intensified tool for such firms as operate on a zone or territorial basis.

Using miniature reproductions of posters or cards on postcards to be mailed to the dealers' mailing list and distributed at the store, is an excellent further synchronizing plan. The idea of utilizing a keynote design or standardized typographical plan as part of the strategy of a link-up campaign, synchronizing with many forms of effort all bearing the same hallmark of identity, is one which is very distinctive and powerful.

Of course, such a synchronizing campaign naturally also includes the work of the sales force, which awaits the signal of the appearance of the advertising to start their part of the timed campaign, but often doing much preparatory work in advance. The best use for such a high degree of synchronization is by a manufacturer doing regular advertising; one who will be careful to continue to develop the ground that is won in such a "drive"; because it amounts to nothing but a "flash in the pan," when done by a concern which is not prepared to maintain the foothold in public attention which such a plan produces.

251. Local Advertising at the Expense of the Manufacturer or Half and Half.—Dealers are united in saying that the maximum stimulation to them is directly local advertising. By this they mean first, advertising within their own stores, or signs outside of it, and next street car advertising, newspaper, billboards, etc., in their own town. This much desired form of coöperation and stimulation is always a source of dangerous controversy between dealer and manufacturer. Most dealers wish more of this than the manufacturer can afford to give. Salesmen are extremely likely to side with the dealer in his demand for an unreasonable amount of local advertising assistance. Orders are frequently given to salesmen on condition of pay-

ment for signs, special displays or local advertising. A definite policy about such matters is absolutely essential if harmony is to be maintained. At the same time policy must be guided also by principle, and a dealer who is enjoying a well-established trade for the article naturally should not require as much assistance as the dealer endeavoring to sell in a territory new and full of resistence. A firm will need to establish some degree of maximum and minimum advertising expenditure which it can afford to give a dealer whose average purchasing volume reaches certain figures.

In search of some kind of standard of policy, many firms hit upon the 50-50 basis. For every dollar a dealer will spend for advertising they will spend a dollar. This is an excellent rule-o'-thumb plan, but in some lines of trade and for some firms it is an absolute impossibility. In principle it is correct, although in practice not always feasible. Wherever a dealer has been granted an exclusive agency, this principle, however, does not hold, for it is incumbent upon the dealer, in view of his exclusive arrangements, to develop prestige at his own expense.

Wherever possible the local advertising done by a dealer should be handled in a manner that will connect itself with the national advertising; and wherever possible dealers should be stimulated with assistance from the manufacturer from his own general advertising problems. Dealers who have well established advertising individuality of their own do not care for this broad advertising assistance, but as most dealers are deficient in this and welcome such assistance, a manufacturer who will give real assistance to their own general problems of advertising and retail selling, quite apart from the advertising of the manufacturer's article, is stimulating the dealer in the highest possible manner. Such broad-minded and apparently altruistic service is sound and businesslike and always bears fruit.

In any local advertising assistance it is the better policy to advertise the dealer's general business and only incidentally the manufacturer's article, for it induces the dealer to use this advertising much more frequently than the kind most often supplied by manufacturers in which the manufacturer's name is paramount. Nine-tenths of the dealer's so-called electros furnished by manufacturers have this grave defect, which merely results in stopping their use by the livest dealers. The second and third rate dealers who are not alert are the only ones who use such electros. The better grade dealers look for more individualistic service.

252. Miscellaneous Dealer Helps.—There are almost an endless variety of so-called dealer helps. Most dealers have distinct preferences along these lines, and a manufacturer can easily be drawn into the development of such an endless variety of dealer helps. This, however, is unsound policy, in spite of the fact that dealers are often extremely insistent upon their pet forms of dealer helps and become disgruntled if they are not furnished.

A firm policy is advisable with regard to dealer helps, if the cost of them is to be kept within reasonable bounds. Investigation has shown that in many cases there is no greater source of waste in advertising than in dealer helps. Dealers have a greater appetite for dealer helps at the time of order giving than they have capacity to digest in proper distribution and handling. Dealers' cellars and waste-baskets are full of booklets and circular matter ordered without thought, neglected or undistributed. One of the most important duties of a good advertising department aiming at proper dealer stimulation is to work out from the broad facts of the situation what are the best dealer helps for that particular product and for the average run of dealers. Some leeway must be provided for unusual special cases, but the policy in the main should be followed rigidly. A general impression must be maintained among dealers that

the firm is liberal in the matter of dealer assistance; but the impression must also be definitely established that the firm has its own conviction, based upon past experience and test, as to the forms of dealer helps which are most effective for its article.

It is fairly nearly standard among all manufacturers to furnish moving picture lantern slides, street car cards, store-hangers, window displays, decalcomania signs, demonstration outfits, etc. Imprinted booklets are also as a rule furnished dealers with envelopes, and addressed and mailed if he will supply the names and postage. Special and more elaborate forms of coöperation are frequently used, such as furnishing electric signs, imprinted stationery, containers, novelties, show-cases, etc. These are only possible in specialties operating with a considerable margin of profit, or in return for considerations in dealer coöperation which are important enough to warrant such expenditure. A very much greater amount of money is frequently spent for such dealer coöperation than is wise, in view of the greater results much might be obtained by similar expenditure in other ways.

There is a point of dealer help at which a dealer no longer becomes stimulated, when too much so-called dealer help and dealer coöperation is given him. It has the effect of pauperizing the dealer, and smothering his own initiative and efforts. It is extremely dangerous to permit a dealer to reach that state of mind where he consciously or unconsciously pins his faith to the multiplicity of selling helps which a manufacturer furnishes rather than upon his own efforts. No amount of selling helps supplied by a manufacturer can take the place of real, live and human salesmanship in the part of the dealer and clerk; and one of the chief stimulants to give him is to punch home the fact that it is distinctly up to himself personally. Cynical manufacturers believe that it is good business to load

a dealer pretty heavily with goods, because he may then be counted upon to move them out. This is an error of policy, as the dealer is not so ready to re-order under such circumstances.

253. House-Organ for Stimulating Dealers.—If it were not more or less "done to death," the house-organ idea, of a little, regularly issued magazine or bulletin to dealers would be a splendid idea. Even under the circumstances, though there are a great number of house organs published for the retailer, he invariably shows his real interest toward the ones which stand out with an individuality and which are thoroughly worth while.

The value of a house organ lies in establishing a line of communication to dealers which is a regularly repeated messenger, with individuality. It is an open road to the dealers' mentality. These house organs are in fact salesmen, with the same degree of personality that a personal salesman might have; in fact they have a greater degree of effectiveness along certain lines because they are more frequent, more complete and more economical.

254. Special Day and Week Plans.—Although in the past somewhat overdone, the idea of setting aside a certain day or week when the public is invited to concentrate its attention upon an article or a line of goods, is inherently a good one. The mere focusing of mind is productive of some result. "White Lead Day," "Raisin Day," "Music Week," "Educator Week," etc., have been operated with success. The latter for a shoe concern is an example of an elaborate plan. Starting one year as a drive for school children's trade, with special parades of school children with costumes, the idea branched out so that 92 newspapers were used for the campaign with auxiliary posters, booklets, window displays, etc. Seven thousand dollars' worth of 750 scholarship prizes were used, given to the 10- to 19-year-old schoolboys or girls inducing the greatest number

of adults to go to Educator stores. New dealers and increased stocking among old dealers were the results.

Some of the methods used to make a "special week" proposition interesting and profitable to dealers have been:

1. Circularizing the dealers' customers direct by mail during the "special week."
2. Doing local newspaper, street car or billboard advertising.
3. Arranging especially attractive window displays or interior store demonstrations.
4. Offering price inducements or bonus goods.
5. Arranging a prize contest among clerks.
6. Advertising a prize contest open to the public.
7. Offering especial attractive advertising novelties to buyers.

255. Window Display Plans and Service.—One of the problems of the manufacturer who is continually giving out good advertising matter, is to get the dealer to use it in such a way that it benefits him. Once the dealer has been started and has had an opportunity to observe the good results, his continued efforts may be depended upon.

There are several different methods of getting dealers to make window displays:

1. A prize contest among dealers for the photograph of the best window display.
2. Traveling one or more window display specialties for the sole purpose of getting up attractive displays for the dealer.
3. Employing an organization of window experts to take charge of the campaign.

Prize contests for the best window display have been conducted by the manufacturers of office appliances, foods, drug specialties, books, etc.

If a house organ is issued, the offer is advertised through its pages, otherwise a circular letter is sent to dealers, an-

nouncing that a cash prize will be given for the photograph of the best window display of the manufacturer's goods.

In addition to offering the cash prize, some manufacturers offer to reproduce the photo of the window display in their advertising. This, of course, offers the double incentive of free publicity for the dealer as well as the reward.

Where national advertising is not used the photo of the best display is sometimes introduced in the trade papers, or even in local newspaper advertising paid for by the manufacturer.

The plan of having one, or a full corps, of traveling window display experts, has been found to be of great advantage by manufacturers of specialties and also by manufacturers whose goods can be demonstrated. Concerns like the Durham Duplex Razor Company used this plan extensively in launching their product upon the market.

There are manufacturers in the food line, as well as in other specialty lines, who have a permanent staff of demonstrators and window display experts who travel around the country and put up displays for dealers.

This is a plan with which the dealers coöperate in a very full way. They are generally willing to give the use of their windows entirely to the display of the manufacturers' goods, in consideration of the expert window service they are receiving.

In the case of demonstration articles it is sometimes necessary for the manufacturer to make some payment for the use of the window; however, this is not the general rule in the case of staple articles, when especially attractive window material is given.

256. Bonus and Certificate Plans.—Bonus and certificate plans are the methods used for permanently retaining dealer interest over competitive products. Strictly speaking, owing to the fact of their being permanent policies,

they cannot be classed among the usual sales stimulation methods. Nevertheless, when supplemented by good dealer correspondence work, calling attention to the possibilities of bonus goods, etc., they are a splendid means of developing increased sales and dealer's good will.

There are many variations of the bonus plan:

1. Offering bonus goods or cash credit in consideration of price maintenance coöperation.
2. Packing coupons with each article.

Several specialty manufacturers who have found it necessary to employ definite price maintenance plans have arranged them in such a way that they are used actually as a means for stimulating dealers to obtain larger orders.

For example: the Prophylactic Tooth Brush (manufactured by the Florence Manufacturing Company) is sold to dealers under an arrangement whereby they obtain bonus goods if they sell a certain quantity and maintain price.

A certificate bearing a serial number and an expiration date is enclosed in each package containing one dozen prophylactic tooth brushes. On the back of the certificate is a contract which certifies that the retailer has sold the one dozen tooth brushes contained in the package at not less than 35c (the retail price for the adult size). This the retailer signs and returns to the manufacturer.

Whenever three certificates for the adult size brushes are received by the Florence Manufacturing Company within the calendar year, the retailer sending them receives one-sixth of a dozen prophylactic tooth brushes as a bonus.

This plan operates two ways; in the first place, it is an incentive for the dealer to buy prophylactic tooth brushes in dozen lots and to dispose of them rapidly in order to obtain his bonus goods within the time limit; and in the second place it is a very effective moral suasion method for preventing price cutting.

The practice of packing coupons with the products is another method of dealer stimulation which in essentials amounts to a bonus plan. There are now concerns engaged in the business of distributing coupons to a group of manufacturers in much the same way that the trading stamp people operate.

A group of non-competing manufacturers will pack a certain kind of coupon with their product and these coupons are redeemed by the coupon companies.

The premiums which they distribute vary—they are in the shape of regular premium articles distributed through a catalog and covering about the same line of goods that the premium houses offer; or they are book or magazine subscriptions; and in a few cases actual cash is offered.

The advantages of this plan are that it offers the dealer a new grip on his coupon or stamp collecting customers; also the fact that all the manufacturers forming the group are mentioned on the coupon, and thus there is considerable interchange of advertising value, which benefits both manufacturer and dealer.

As a whole, however, the coupon idea is not gaining, as it is recognized as a parasite upon trading which is unsound.

257. Clerk Education.—Manufacturers in all lines of trade are coming to realize more than ever before that the volume of dealer sales depends to a greater extent on the amount of effort expended by the clerk than on simply the good-will of the proprietor.

Specialty houses particularly, as well as those whose product requires some sort of demonstration talk, have put forward plans for stimulating the clerks.

A certain breakfast food concern offers a special correspondence course in salesmanship to the clerks of any dealer who handles their line of breakfast foods. They

offer no reward, nor do they exact a promise from either the dealer or his clerk to push their product.

The results, however, are invariably gratifying. The dealer in the first place appreciates the assistance which is rendered in making his clerks better salesmen and the salesmen evidence their appreciation of the help given by pushing the line on all occasions.

The manufacturer of a certain office appliance sent out letters to all the dealers offering a course in retail salesmanship free if the dealer would simply send in a list of his sales clerks.

As an inducement to clerks to take up the course, prizes were offered to all who completed their studies with a certain percentage of credit marks.

Another list of prizes was also offered for the largest number of their products sold each month.

The immediate result of this plan was that more repeat orders were received from dealers than ever before. In addition, the good-will of both the dealer and the retail sales clerk was permanently secured.

Booklets issued by manufacturers for the education of clerks regarding the selling of their particular goods have proven valuable.

The Victor Talking Machine Company has been using a booklet of this character with success. Dealers welcome help in making their salesmen more efficient. The booklet intended to instruct clerks has been found economical and valuable, particularly so when written in conversational style.

Traveling special representatives for the purpose of teaching clerks how to demonstrate and sell, have been used, for instance, by the Thermos bottle makers and other concerns. While this method has brought very excellent results, it is, of course, expensive.

258. Salesmen-at-Large.—It frequently happens that

sales in certain territories will gradually decline, because the dealers do not feel able to move the goods and absolutely refuse to talk to the salesmen as long as they have stock on hand. For this reason a number of houses have added to their staff what they call "Salesmen at large" whose business is solely to go around among the trade and straighten out tangles, arouse the leader's enthusiasm anew, and altogether to get him in line again.

These "Salesmen-at-large" are usually the highest type of salesmen, who were formerly traveling salesmen, and who have a large measure of personal tact and stimulative influence. They call on the dealer, explain that they do not want an order and could not take one, but simply want to show the dealer how to sell more goods.

Sometimes the dealer's complaint is that he has been left with a lot of stale stuff. This is particularly true in the food product line, and concerns like H. J. Heinz & Company have a regular corps of men who go about relieving overstocked dealers of goods they cannot dispose of.

In addition these men usually give strong selling talks to the dealer on the successful methods used by other dealers in selling exceptionally large quantities of the product, how to get benefit out of the national advertising of the manufacturer, how to do local advertising, how to do window display work, etc.

In other words, the "Salesman-at-large" is virtually a representative of the manufacturer who has no axe to grind, but who is simply out looking for the dealer's interest.

The fact that these men always announce that they are not there to take orders and cannot accept an order, gives them a hearing even from the uninterested dealer.

Very frequently these men act as adjusters in reality, straightening out old difficulties and misunderstandings

and getting dealers to work on a right coöperative basis with the house again.

There is still another type of salesman, who, like the "Salesmen-at-large," does not sell *goods* but renders *service.* He is called the traveling ad-man, whose service as a large sales promotor has been thoroughly tried out by one firm who managed quite successfully to get dealers to do more local advertising, and to swell orders considerably.

Like other alert manufacturers, they have always supplied dealers with cuts, copy for local newspapers and other good helps created by a good advertising department. But they found by experience that even the best advertising helps in the way of electros and copy were not used when it involved the spending of money by the dealer.

So the "Traveling Ad-man" was called into requisition to visit dealers, talk advertising, and leave him with the idea that if the company finds it worth while to invest money sending a man to talk advertising without having to solicit business, it must pay to advertise clothes.

The visiting ad-man helps with suggestions for window displays, talks to clerks and often seeps himself with the local atmosphere so that he can give the dealer wise suggestions for handling his selling problems.

This company cites several illuminating instances as proof that the traveling ad-man has succeeded in boosting up individual dealers' orders considerably.

After the visit of the traveling ad-man, the orders were boosted from $87.50 the year before, to $600 the year following his visit, and $2,500 the year after, as a direct result of using his plans. Another dealer doubled his orders immediately.

Because of the fact that salesmanagers nowadays have so many duties and complicated problems, not so much traveling is done by either the salesmanager or any other sales

executive. This results in a highly undesirable situation of aloofness from actual contact with the trade. The salesman-at-large is a sound function in a sales organization, whatever his title or method. An executive brain is needed to see the trade at close range.

Ofttimes there is a semi-political purpose which a salesman-at-large can serve; as an emissary to trade conventions of dealers and distributors; adjuster of disputes, controversies, special competition and other hard field problems.

CHAPTER XXX

SALES SYSTEM AND GRAPHIC RECORDS

259. Visualizing the Sales Field.—As all fields of selling are of fairly wide extent geographically, a map is the very first necessity in order to get a real conception of the field. Every salesmanager should have hanging up in his office a thoroughly spacious map of his entire territory, and, if possible, a system of marking on this map, so that the conditions or possibilities of the sales field should be visual to him at all times. There is nothing more definitely stimulating to a salesmanager, nor for accuracy of service to his mind, than such a map. A salesmanager who reaches the entire United States should have a wall map of the United States, as large as the side of his wall will conveniently permit, and preferably in front of him so that on raising his eyes from his desk he can see it. This map should first of all contain the boundaries of the sales district, each district being numbered and colored preferably with the district headquarters marked with a specially colored pin. In addition to this, the map should show for each district one or two of the decisive factors indicating the development in sales of that district. This may be in such cases where the number of dealers is not too great, a pin for every dealer; or for every town opened up or for every dealer reaching a certain volume of sales. There should also be specially colored pins or symbolic markings indicating the bad spots or backward conditions in the territory.

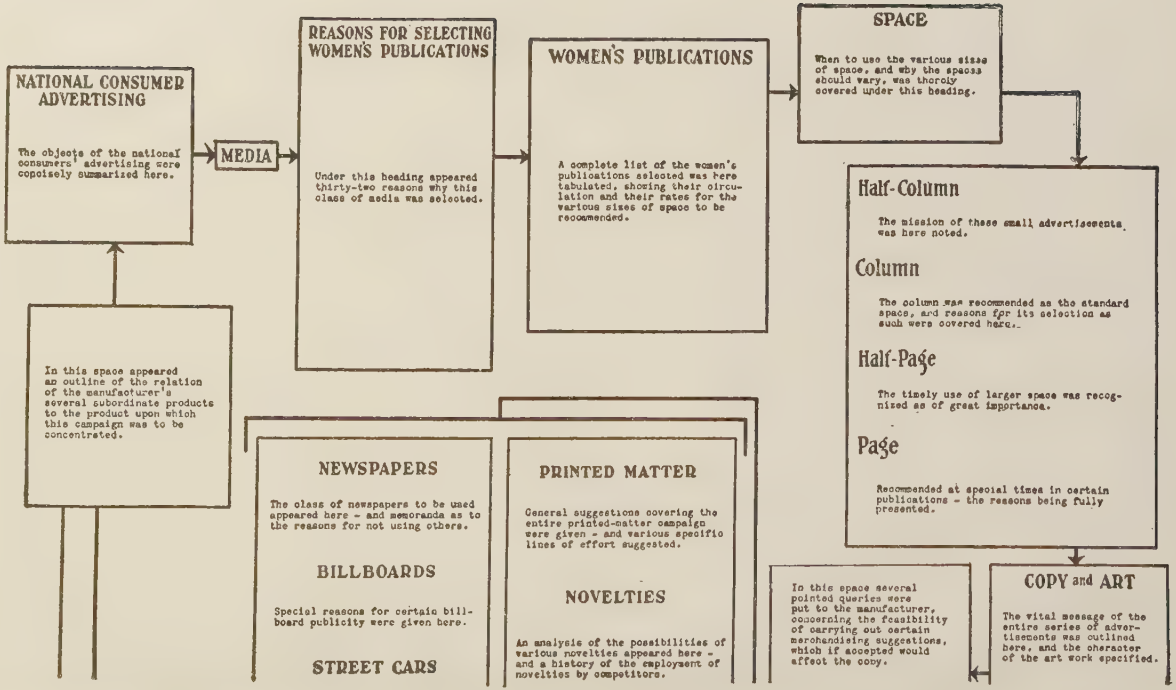
This map is not only useful to the salesmanager, but is also valuable for the general executives of the business to

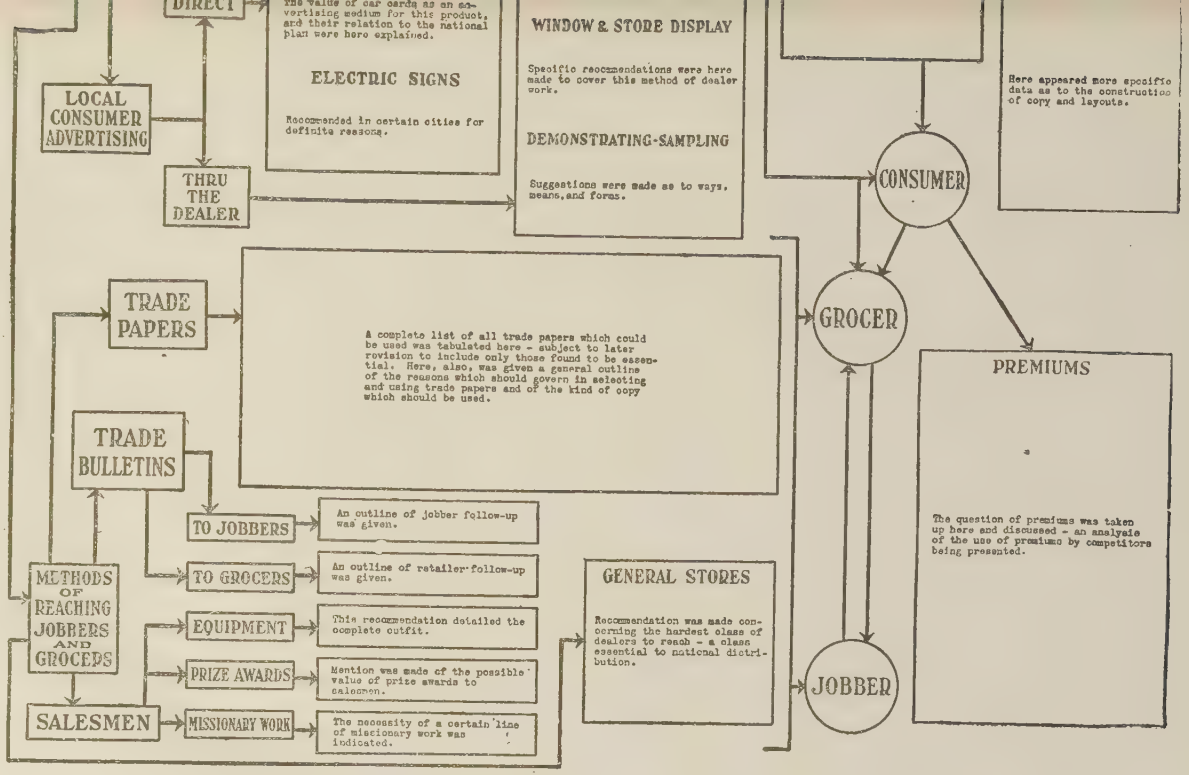
use as well as for the salesmen when they visit the sales-manager's office.

260. Map and Tacks and Other Graphic Systems.—Through the use of map and tack system a great many graphic records of sales conditions may be carefully kept up and studied. The first of these kinds of records are the sales possibilities of the territory. An ammunition house would greatly need a county map of the United States showing just what game is obtainable in the various counties, with possibly also the location of shooting clubs, etc. The same principle is applicable to any business; a map system showing the presence of determining factors of trade possibilities, by counties, if possible, should be available.

Map and tack systems are further important for the routing of salesmen, showing jumps from town to town with the aid of a string, placed from tack to tack. By such means a salesman's route may not only be planned efficiently, but can also be studied strategically in order that he may not have the opportunity to abuse his travel routing for his own personal comfort. In many businesses it is also possible to list the exact location of customers of different types and grades; even to list salesmen's calls and indicate with red pins customers on whom salesmen have not called within a certain limit of time. Further individual applications of the map and tack system are possible according to individual needs. Specialized maps covering definite factors, such as weather, crops, soil, trade, jobbing, or other factors, are often extremely valuable. Individual maps of city zones, for the more detailed and careful routing of salesmen in the metropolitan district, are of great value and will produce excellent results. There is far too much cris-crossing as a rule in metropolitan districts, which a properly studied map and re-zoning will eliminate.

261. Unit Order Forms.—Much misunderstanding and


NATIONAL CONSUMER ADVERTISING
The objects of the national consumers' advertising were concisely summarized here.
MEDIA
REASONS FOR SELECTING WOMEN'S PUBLICATIONS
Under this heading appeared thirty-two reasons why this class of media was selected.
WOMEN'S PUBLICATIONS
A complete list of the women's publications selected was here tabulated, showing their circulation and their rates for the various sizes of space to be recommended.
SPACE
When to use the various sizes of space, and why the spaces should vary, was thoroly covered under this heading.
Half-Column
The mission of these small advertisements was here noted.
Column
The column was recommended as the standard space, and reasons for its selection as such were covered here.
Half-Page
The timely use of larger space was recognized as of great importance.
Page
Recommended at special times in certain publications - the reasons being fully presented.
In this space appeared an outline of the relation of the manufacturer's several subordinate products to the product upon which this campaign was to be concentrated.
NEWSPAPERS
The class of newspapers to be used appeared here - and memoranda as to the reasons for not using others.
BILLBOARDS
Special reasons for certain billboard publicity were given here.
STREET CARS
PRINTED MATTER
General suggestions covering the entire printed-matter campaign were given - and various specific lines of effort suggested.
NOVELTIES
An analysis of the possibilities of various novelties appeared here - and a history of the employment of novelties by competitors.
In this space several pointed queries were put to the manufacturer, concerning the feasibility of carrying out certain merchandising suggestions, which if accepted would affect the copy.
COPY and ART
The vital message of the entire series of advertisements was outlined here, and the character of the art work specified.


DIRECT
The value of car cards as an advertising medium for this product, and their relation to the national plan were here explained.
LOCAL CONSUMER ADVERTISING
ELECTRIC SIGNS
Recommended in certain cities for definite reasons.
THRU THE DEALER
WINDOW & STORE DISPLAY
Specific recommendations were here made to cover this method of dealer work.
DEMONSTRATING-SAMPLING
Suggestions were made as to ways, means, and forms.
Here appeared more specific data as to the construction of copy and layouts.
CONSUMER
GROCER
TRADE PAPERS
A complete list of all trade papers which could be used was tabulated here - subject to later revision to include only those found to be essential. Here, also, was given a general outline of the reasons which should govern in selecting and using trade papers and of the kind of copy which should be used.
PREMIUMS
The question of premiums was taken up here and discussed - an analysis of the use of premiums by competitors being presented.
TRADE BULLETINS
TO JOBBERS
An outline of jobber follow-up was given.
TO GROCERS
An outline of retailer-follow-up was given.
METHODS OF REACHING JOBBERS AND GROCERS
EQUIPMENT
This recommendation detailed the complete outfit.
PRIZE AWARDS
Mention was made of the possible value of prize awards to salesmen.
SALESMEN
MISSIONARY WORK
The necessity of a certain line of missionary work was indicated.
GENERAL STORES
Recommendation was made concerning the hardest class of dealers to reach - a class essential to national distribution.
JOBBER

Courtesy Hanff-Metzger Co.

HOW ONE SALES AND ADVERTISING CAMPAIGN WAS GRAPHICALLY SHOWN

loss can be traced to an inadequate order system. If a count were made of the number of times an order is recorded or details of the order copied in some form, it would be found to average 12 or 15, and in some cases reach 25 or 30—with all the attendant delay and chance of error.

With the modern unit system there is no reason for any such duplication or waste, and the unit system fits in most perfectly with modern sales requirements.

The unit system is simply a set of forms, fitted for typewriter spacing, and made in carbon at one operation, which covers every record needed for the entire transaction down to the bill of lading. The units of direct interest to the sales department are:

Alphabetical Sales Record.

Salesmen's Territorial or Geographical Record.

Chronological Record of Shipments.

Numerical Record of Transaction (the efficient handling of office records depends upon a standard of filing).

262. Salesmen's Report Blank.—It is a sound principle always to demand a salesman's report blank covering the day's work, name of town, record of every call made, orders taken, reasons for failure to secure orders, remarks made by prospects with bearing on the business. Some firms require a list of calls made, and a separate report blank for each call, so as to obtain complete particulars. For example, one large and successful firm instructs its salesmen to fill out the following items on the card of each prospect:

State exactly line of business:.....

Occupies		*Location*
Store	(large or small)	Corner
Shop	" " "	Main Street
Office only	" " "	Side Street
Warehouse	" " "	

Appearance	*Does he use Advertising?*
Good	What kind?
Average	In which of our advertising
Indifferent	is he interested?

What goods in our line does he specially push?

List of the various grades and the average annual consumption of each grade.

What percentage of this consumption is furnished by us, and by our competitors?

Reasons for preference of other firms.

Name of firm; name of buyer and full particulars about him.

Date of interview and name of salesman.

The information thus obtained is put on "Dealer Record Cards," on which are entered in addition to the sales made to the dealer the dates when the salesman called, the kind and amount of advertising matter supplied to him and place provided for a three-year summary of purchases.

263. Salesmen's Route List and Route Maps.—This shows the itinerary, as mapped out by the home or branch office. A copy of this list is furnished to every department head or employee who may have occasion to correspond with the salesman (this generally means the shipping clerk, factory superintendent, treasurer, etc.). But in every case a duplicate of such correspondence goes to the salesmanager.

Sales maps by states or sections, showing salesmen's routes, through the medium of pins or tacks and strings of various colors, are needed. The color scheme is very important. For example, colored string is used to differentiate between salesmen's routes, when salesmen are covering or overlapping on the same territories. Blue pins or tacks may be utilized to indicate customers, red tacks prospects, yellow tacks competitor's customers. Black tacks in-

dicate dealers who must receive special attention. Combination black and white tacks indicate customers who must be called on every month; green and white, customers who must be called on every three months.

264. Detailed Summaries.—Salesmanagers frequently are so busy looking at detail that the *perspective* on the detail is lost. This is avoided by having a good system of summarizing. A pocket-size book of graphic charts, or a loose-leaf binder holding regular letter-size sheets and charts is very valuable, and should be kept close at hand.

The factors to be reviewed in such a broad general summary have been treated elsewhere in part; this chapter has to do merely with the minor factors of sales organization. The general plan of the book of summaries might well be grouped under these broad divisions:

One for each salesman, one for each department, one for each territory, one for the whole business. These sheets (or graphic charts) should summarize the sales work done, weekly, monthly and annually, featuring all the deductions to be made from gross in order to secure the *net*, such as salaries, commissions, traveling expenses, goods returned, allowances made, bad debts, etc.

Another important summary of information shown on a specially prepared chart or form should cover the following:

1. Number of States being worked as a territory.
2. Number of counties in territory.
3. Number of towns, of a population to be determined upon.
4. Number of counties worked.
5. Number of counties missed.
6. Number of towns worked.
7. Number of towns missed.
8. Number of customers in territory.
9. Number of prospects in territory.

10. Number of desired customers in territory.

There should also be prepared two specially designed ruled forms, which would permit the clerk in charge of these records to record the number of calls made by salesmen, upon one of the forms called "the daily report"; while the second form would constitute a monthly recapitulation and furnish the following information, in tabulated form:

1. Names of each salesman working in the territory.
2. Number of probable customers in territory.
3. Total number of calls made by each salesman.
4. Total number of calls upon customers.
5. Total number of calls upon prospects.
6. Total number re-calls.
7. Total volume of sales made by each salesman, in current month.
8. Average number of calls per day.
9. Increase in number of customers.
10. Average unit value of invoices.

General summaries are the telescopes of business study for details *in perspective* as contrasted with the microscope for detail, finely cut. Perspective is a thing very much neglected. The most vital things that you can know about your general sales organization and field problems are:

1. How many customers have you?
2. Whether you are adding to your list of customers.
3. Whether you are losing accounts.
4. How many prospects have you?
5. Are your prospects being turned into customers?
6. Are you reducing the number of probable customers and increasing the number of prospective customers?

These questions are the very life-blood of saleswork in the field and are far more important than the number of accounts you have on your books and the amount of outstandings, as these latter facts are nothing but a matter of

record of closed transactions, representing goods that have been sold and delivered.

These records are really control records which should not be made up only to be admired but to be used, studied, brooded over and lessons taken therefrom.

265. Expense Reports and Expense Accounts.—Each salesman should be furnished with standardized blanks. As there is, in well-managed firms, a clear and definite understanding with salesmen and incorporated in the sales manual regarding the expenses which are allowed by the firm, and the heading under which each type of item should be listed, so that totalization and analysis of each report may be uniform.

266. Memorandum Forms.—These are less expensive than the letter heads used for correspondence with outsiders. The manual provides instructions showing just how they are to be used, including directions as to where and how they are to be filed. The original copy, as a rule, is inserted in a loose-leaf binder under the proper index, thus becoming part of, or supplement to, the sales manual, so that this book may represent a reference volume of instructions issued, information received, etc. One highly necessary caution that is generally printed in large type and in red ink is this: "This memorandum when used for salesmen's instructions *must* be filed at once in the proper binder. Do not carry *it in your pocket.*"

267. General Records That a Sales Office Should Have.—A general review of the records and systems of use in a sales office might be as follows:

1. *Records of Current Business.*

a. List of dealers handling the goods, divided into classes "A," "B," etc. Summary of their rating, credit, three-year record of orders, shipping and routing directions, record of salesmen's calls, complaints, special remarks, class of customers served, location-value of store,

type of stock carried, competing brands handled and pushed.

b. List of prospective dealers, with dates of calls and remarks.

c. Distribution sales map by states or sections (blue pins for dealers carrying stock, red for prospects, green for other dealers, with numbers on the pin heads to indicate dating or product handled).

d. Salesmen's route maps, with routes "strung" to show journeys and jumps.

e. Order records, filed geographically; also by-products, or sizes, etc.

f. Salesmen's records, orders, trips, etc.

g. Expense records.

h. Factory and shipping records.

i. Form letter and follow-up record.

j. Cessation and dealer complaint records.

2. *Consumer Data by Districts or Counties.*

a. Consumption (gross quantities per capita, character of people, etc.).

b. Dealers (per square mile, per 1,000 of population, etc.).

c. Wealth, crop peculiarities and general status data.

3. *Reference and Information File.*

a. Addresses and circulars of sign, novelty and auxiliary service concerns.

b. Periodical rate and circulation data.

c. Office records and files—cuts, drawings, orders, memos, letters, requisitions.

d. House organ or material or suggestion file.

e. Scrap book files and advertising literature.

f. Salesmen's, missionaries' and field reports.

g. Complaint file.

h. Tickler and schedule file.

CHAPTER XXXI

SALES ENGINEERING; INVESTIGATIONS AND SURVEYS

268. Applying Engineering Standards to Sales Work.—As a final move in squeezing the mysterious element out of selling, there is a tendency now to test selling by the same standards as any other department of business—namely, engineering standards. This tendency has limitations, but as a tendency it is unquestionably a wholesome one, there being entirely too little of the engineering point of view in average salesmanagement.

The Winchester Repeating Arms Co., for instance, governs its entire plant by an engineering formula which it has also applied to the selling departments. This engineering formula is one of five divisions or processes:

1. Planning.
2. Preparation.
3. Scheduling.
4. Production.
5. Inspection.

All sales work is routed through these five processes, like any and every other work of the business. The scope of sales work is also divided into two divisions:

Sales Engineering:

Sales research and investigation.

Selection of new products and styles.

Standardization of products and styles.

Planning of containers and methods of packing.

Formulation of sales policies.

Determination of methods and program of distribution.

Preparation of master plan of advertising.

Detailed planning and execution of advertising.

Preparation of catalogs and other product literature.

Planning and installation of exhibits.

Determination of sales budget.

Determination of master sales quotas and shipping schedules.

Formulation of bonus and other incentive plans.

Determination of selling prices, terms, and discounts.

Preparation of selling equipment.

Preparation of procedures to standardize programs, methods, and equipment.

Planning and inspection of graphic controls of sales operations.

Sales Production:

Maintenance and supervision of sales production forces, field, branches, home office.

Maintenance of selling equipment.

Execution of distributing program.

Maintenance of selling schedules and quotas.

Maintenance of exhibits, supervision of shooting campaigns, etc.

Maintenance of gun repair service.

Issuance of detailed orders and schedules for maintenance of stock of finished goods.

Planning and scheduling of shipments.

Pricing of invoice tickets.

Maintenance of correspondence and service work.

Maintenance of credit research and records; follow-up collections.

This method of viewing, selling and handling sales work is essentially sound, because it is a mistaken idea to think that engineers deal with exact facts and that salesmanagers deal with entirely intangible and variable factors. Even the engineering profession has to deal with intangible fac-

tors, including the human factor, and the progress made in testing, measuring and judging qualitative as well as quantitative matters by laboratory methods makes it fairly certain that much is still widely regarded as intangible in selling which is not intangible at all, but can be much more definitely ascertained than is realized, by means of modern methods.

269. Market Investigations.—Information is absolutely vital in sales planning. It is just as surely the raw material out of which a finished sales product is produced as iron is a raw material in a factory making hardware.

The reasons why market investigations and method analyses are becoming an essential part of the successful conduct of business are:

1. Increasing complexity of distribution channels.
2. Wider national markets.
3. Increasing competition and smaller margins of profit.
4. Increasing intelligence of consumers and of dealers.
5. Desire for more accurate data, and the elimination of guess-work and waste.
6. Greater costliness of sales work, and the elimination of many thousands of dollars of waste through mistakes and miscalculations.
7. Inability to control market nowadays by purely arbitrary judgment, policies and methods.

Years ago, when the kind of goods handled by a business was limited strictly to merchandise within its own scope, it was comparatively easy to determine the trade outlets for a given business.

This condition no longer exists. Haberdashers sell jewelry. Hardware dealers sell electrical goods and auto supplies. Jewelers sell phonographic goods, porcelain ware, etc. Jobbers enter the manufacturing field and also maintain retail stores. Manufacturers start "chain

stores." Chain stores start their own manufacturing plants.

Therefore trained investigators secure data in person from every possible factor in a given field, from consumers in house-to-house canvasses, from dealers of all kinds, from jobbers, business offices, banks, manufacturing plants, etc. Nothing is left to guesswork, and the results are carefully analyzed and tabulated.

270. Analytical Procedure for a New Article.—The first thing that any one going into an unfamiliar business to him should do, is to secure an analysis along the lines suggested below; and before marketing or manufacturing a product, whether a specialty or a staple, an analysis should be made.

The best kind of assurance of success in selling is to have *on paper* the facts concerning a business, its plans, its difficulties and its possibilities. The "blue-printing and charting" of the definite program of action is also fine discipline and stimulation. The following are the lines of investigation in a chronological order which may be followed:

1. Technical test and analysis of product.
2. Practice test on 200 to 2,500 typical consumers.

a. Actual tryout by consumers.

b. Tabulation of consumer opinions and attitude, by actual canvass.

3. Analysis of consumption:

a. Present consumption.

b. Present manufacturing and selling conditions and success.

c. Present competitive status, territorially.

d. Possible consumption.

e. Study of distributive channels and trade sentiment (actual canvass of dealers throughout the country).

4. Trademark analysis:

a. Construction of trademarks to secure maximum advertising value and maximum protection.

b. Search of mark among *unregistered as well as registered marks.*

c. Layout of protective records and plans for trademark conservation.

d. Coördination of trademark plan with general plans of label, package and all possible forms of publicity.

5. Analysis of price and profits:

a. Analysis of costs on basis of specific first volume of manufacture.

b. Analysis of selling costs.

c. Analysis of distributors' profits.

d. Analysis of competitive costs and profits.

e. Layout of price policy and protection.

f. Study of "what traffic will bear" and fixing reasonable retailing price.

6. Analysis of sales and advertising situation:

a. Layout of staff organization necessary.

b. Study of alternative methods of campaigning.

c. Study of alternative methods of advertising.

d. Investigation of parallel and competitive sales and advertising methods and experience.

e. Study of probable factors of resistance.

f. Layout of maximum sales points and arguments.

g. Standardization of sales policy and position.

h. Study of trade paper advertising efficiency for the proposition.

i. Study of consumer advertising mediums' efficiency for proposition.

j. Study of auxiliary and special advertising efficiency.

7. Financial budget of estimated expenses and returns:

a. Tabulation of complete expense balanced against returns from 90% of proposed first yearly output: (1) per unit of material, and (2) per complete yearly volume.

b. Detail of manufacturing expense.

c. Detail of sales organization expense.

d. Detail of special advertising expense.

e. Detail of expected volume of sales and basis of estimation.

f. Detail of possible lesser and greater volumes of sales, with accompanying scales of graduated costs and expense.

g. Detail of administrative financing of proposition.

8. Blue printing and scheduling of plan of action:

a. Chronological layout for factory production and delivery.

b. Chronological layout of sales organization work.

c. Chronological layout of mail campaign to dealers.

d. Chronological layout of trade paper advertising.

e. Chronological layout of tryout or local territorial advertising work.

f. Chronological layout of special stunts.

g. Chronological layout of general development.

271. Why Investigations Should Be Made by Outsiders.— It is a mistaken habit with some firms to utilize their own salesmen or executive staff to conduct investigations. This is inherently wrong in principle, like an accused man trying himself. An investigation cannot be made without bias by any but professional outsiders, first, because investigation is in itself a technical and special profession, and, second, because employees are incapable of taking the all-important detached, outside point of view.

More particularly is it the mistaken practice of many firms to utilize salesmen to gather field information. This is unpractical and dangerous for the following reasons:

1. They are primarily *salesmen,* with sales work to do which should not be impeded by extra work.

2. They are not by temperament fitted to do such work and do not like it. Investigation work does not mix well with sales work; and, moreover, salesmen are more valuable for sales work than any other.

3. They are sure to have acquired prejudices in favor of their own firm and blindnesses about their territory, and therefore render biased reports.

4. The salesmen reporting upon their own work or checking themselves up, will render reports based upon the angle from which they see the field.

272. Canvassing and Tabulating Trade Sentiment.—Theory and guesswork in the past have been the principal means used to make changes in policies, plans and methods. The modern practice is to carefully ascertain in advance the attitude of a fair proportion of the trade on these subjects.

In these days of keen competition and intensive sales cultivation, of swift national action through advertising, of the quick Day Letter, long distance telephone, and the parcel post, trade sentiment may change very quickly. It is highly essential for the firm that wants to be on the alert all the time to keep in touch with the exact status of trade sentiment and to take quick notice of changing tendencies.

Many firms have felt confident that they held the good-will of dealers and other factors when, as a matter of fact, investigation brought to light a very considerable amount of dissatisfaction, opposition and disturbing conditions. One of the facilities of modern trade investigation is the ability to measure the good-will of firms with the trade and to tabulate dealer opinion and local facts for a representative portion of the entire country, all at low cost.

273. Statistics of Distribution.—In the present day when the class of goods carried by retailers is changing, it is most important to study the statistics and facts of distribution.

Investigation can show which type of dealers is the best equipped to handle the goods, or how distribution can be widened along new lines (such as inducing haberdashers

to sell fountain pens) and to coöperate with the firm on any particular line of goods or policy. Dealer investigations also disclose the volume of purchases of the various dealers, the kind of clientele they serve, the type of management, the personnel, etc., and can establish the present and possible future consumption of an article.

274. Future Consumption Surveys.—Much interest is being manifested in recent years in thoroughgoing surveys of territory to establish facts and figures as to possible sales in each small unit of territory, usually by counties. No statistics from government or standard sources are available and the only way to get such data is to hire professional investigative organizations to secure it. The work of getting the needed facts locally and of making the tabulations, comparisons and estimates is only possible to do in a reliable manner by careful professional concerns organized to command the experience and skill needed in such matters.

Unless such figures of possible consumption are obtained a firm is working more or less in the dark. It does not know whether the territory is in a state of freshness or whether it is well developed or whether it is close to saturation. Nor is it able to set intelligent, fair quotas between one territory and another, or make adequate, just comparisons between one territory and another.

It is unwise to be skeptical as to ability to secure such detailed possible consumption data, for it is a matter for expert business statisticians and investigators. Also it is foolish to underestimate the money value of such a survey. The advisability of building another factory or of choosing an additional line of goods, or of making expansions may hinge wholly and solely on the findings of such a survey, and though the cost may in some cases run into many thousands it may be the greatest possible economy. To travel into the future without the guide of future con-

sumption data is identically like traveling into a strange new country without map or compass.

275. General Sales Surveys.—A new type of survey has become recognized as of importance and usefulness within recent years—the general survey by a trained specialist and counselor. Such a survey amounts to an "audit" of the sales organization, plan and policy by an outsider who simply spends time examining it in the same cool, detached, technically trained manner with which an expert accountant examines a firm's books. The principle is identically the same. It is a process of certification, also of study for possible improvement and valuation by those who make such work a business. No one doubts the ability of a firm's accountants, yet it is sound policy to have expert accounts render a report and suggestions in the light of general accounting practice and principle.

In the same way the practices, policies, plans and organization and records of a sales organization may be reviewed, certified to where good, and noted where out of alignment with the best experience and practice in other lines and general business fact and principle. A number of concerns now make this an annual practice, and rarely fail to get ten times the value of the fee involved.

276. Checking Sales Work.—This means investigations conducted among dealers to show whether the goods, the service and the policy of the house have been properly presented to them by the firm's salesmen or by the salesmen of the jobbers; whether the salesmen have unduly overloaded the dealers, whether they have been getting their full percentage of the dealers' business, and if not, why not.

In addition to the above factors, there are a number of serious underlying business conditions of which many firms complain, or know to exist, and yet they are not sufficiently alert to closely investigate in order to determine the underlying causes, although by doing so they could

get a long start ahead of competitors. The man in an organization whose mind grasps underlying factors which, if analyzed and acted upon, would benefit the business, is the man in line for the most successful future.

277. Analysis of General Basic Factors.—Factors of broad general importance which may be studied by securing data through investigation are the following:

1. Number of manufacturers versus number of distributors.
2. Number of retail outlets versus each of three grades of jobbers and wholesalers.
3. Number of manufacturing workers versus general total of distributors.
4. Rate of increase in volume of trade versus increase in distribution.
5. Fluctuations of retail and wholesale profits.
6. Graphic tabulation of length of time present jobbing firms have been in existence.
7. Volume of trade contrasted with general bank clearings, building activity and per capita wealth.
8. Number of retail outlets, also number of jobbers, to each thousand of population.
9. Volume of trade to each individual; habits of consumers.
10. Urban tendency ratio versus volume of trade ratio by localities.
11. Sales expense and net profits versus rate of increase in retail outlets and jobbers.
12. Efficiency of call percentage of salesmen.
13. Rates of increase in distribution in the line of trade contrasted with the increases in other lines of trade.
14. Per capita consumption of the line of goods compared with other lines of goods.
15. Capitalization in the manufacturing field versus volume of trade and ratio distributors' increase, etc.

CHAPTER XXXII

THE STATISTICS OF SALESMANAGEMENT

278. The Correct Attitude Toward Statistics.—There is frequently found among salesmanagers, especially those who have graduated from the position of salesmen, a disposition to make light of statistics. This is due, of course, to the fact that as salesmen they required qualities almost the exact opposite of the statistical mind. They never dealt with symbols or figures, they dealt in visual examples of human nature. Therefore as salesmanagers they have an imperfect capacity to work with paper symbols and abstract representations of fact; they have a prejudice against statistics and are often fond of quoting the satirical phrase, "lies, damn lies and statistics" as justification for their incapacity.

There is no more fatal error than this for any salesmanager who aims to master his profession. As a matter of fact the profession of salesmanagement is dependent each year more and more upon statistics; salesmanagement without statistics is sheer blind stumbling in the dark.

None except fanatics are in love with figures or statistics, *per se*. Figures are merely useful tools and symbols of actual conditions reduced to white paper for convenient study. The idea of the use of statistics should not be blamed for mistakes and false assumptions from erroneous statistics. Statistics are only as good as the makers of them, and few figures are 100% accurate. It is an absurdity to expect too much from statistics, but a still greater and more dangerous absurdity is to presume that one can

do without them. As one millionaire business man said, "I hate figures and statistics, but I never will take a step without them." Many of the greatest minds in business, such as Morgan and Harriman, were accountants early in their careers and thus acquired a trained facility in securing, understanding and acting upon statistics. The man who "has no use for statistics," in order to be consistent, would have to refrain from counting the change he gets when presenting a sum of money for a purchase. He is just as likely to get short-changed in his own business and his larger transactions as he is to get short-changed in a small way by a small retailer. It is a necessary part of his equipment for his job to acquire some facility at statistics, for even though he hires a statistical man, he usually can afford only a statistical "hack"—a man who will get the specific thing he is told to get, whereas the need usually is for creative statistical probing, assisted with the merchandising instinct. No hack statistician can do this work; chiefly for the reason that the routine sources of statistics are entirely inadequate for the purpose for which statistics must be developed with which to feel one's way forward in conditions which cannot be seen with the naked eye. It is with these conditions which cannot be seen with the naked eye or studied by means of the usually available statistics with which the salesmanager must deal. Expenditures of millions of dollars ofttimes depend for their success upon the situation as disclosed by statistics, and it is deadly to trust merely to judgment, however good and experienced.

Statistics are actually pictures of facts and photographs in miniature of conditions. The correct attitude toward statistics is first to think very clearly what information is vitally necessary; then exhaust every possible effort, and go to every necessary expense commensurate with the interests involved to secure that information in a manner

that will be statistically clear, and which will make a dependable picture of the factors to be studied. These facts must then be adequately studied and a judgment rendered as to action upon them.

Last, but not least, it is important to act promptly and immediately upon the forming of decisions from statistics. It was a prime principle of Napoleon's that after making exhaustive investigations of his enemy's position and deciding upon a piece of strategy, he acted swiftly and with lightning-like rapidity, in order that the conditions which he had investigated should not change before his action, and thus require another investigation. The same is true of statistics. One of the reasons why the use of statistics has in some minds fallen into disrepute and contempt, is that there are too many instances where statistics mountain high in quantity were compiled, left unassimilated and undigested; the proper judgment and lines of action not being made and carried out, based upon these statistics. Not statistics, but the executive use or misuse of statistics should be criticized.

279. The Two Main Classes of Statistics.—It will be a big step forward in the understanding of statistics to realize that there are two main broad divisions of statistics:

1. Statistics of past performance.
2. Statistics of possible developments.

Most statistics used have been in the first division, the value and use of which is simple and obvious. Far too few statistics are compiled and used under the second division. The use of statistics of past records and performances are backward looks, not forward looks, and have no value unless they can be used to base future operations upon. As one business man remarked, statistics of past records and performance are post mortem examinations, and have the defect that the thing examined is dead and gone. As highly modern accountants readily point out,

even records of past performance should be cast in such form that they are guides for the future.

The sheer difficulty of securing and compiling statistics of the more important division, that of analysis of future development and possibilities, has undoubtedly prevented their more widespread use. It is easier to study the anatomy of the game you *have* shot than to work out the kind of game you are *going* to shoot. Unfortunately, the Government provides much too little data which makes possible general marketing statistics for study of future development, and it must be accepted as an unavoidable fact that such statistics cost a good deal of money to develop and compile. Yet they are now recognized as the very foundation rocks upon which business development rests. The writer was recently figuring with a large manufacturer for the expenditure of $170,000 solely for the development of statistics of possible sales of that product in each one of the 3,000 counties of the United States. This sum the company readily admits is not excessive for the information (which could only be 80% accurate) if it gave them a fair conception of the possibilities of each local market, so that a fine-tooth combing process might be begun in an intensive sales campaign such as had never before been attempted in that industry. This work of statistical analysis of possible markets is now a professional business in itself, with experts and national investigative organizations.

280. Per Capita Consumption Statistics.—At the very base of every business and its future development is the matter of per capita and average consumption. How much of your goods can the average consumer use; and in contrast with this, how much actually does the consumer now use? Per capita consumption of course means total annual consumption divided into the whole population of the country, men, women and children. It must not be confused with

PER CAPITA SALES—YEAR_____ State_____

Towns Classified by Population

Class of Towns	Total No. Towns	Total Population of Towns	Total No. Towns Sold	Total Population Towns Sold	Net Amount Sold	Per Capita Sales of Population Sold	Possible Sales Total Pop. at Same Rate Per Capita
Less Than 500							
500 to 1,000	.....Exactly 500						
1,000 to 2,000	.....Exactly 1000						
2,000 to 3,000							
3,000 to 5,000							
5,000 to 10,000							
10,000 to 25,000							
25,000 to 50,000							
50,000 to 100,000							
100,000 and Up							
TOTAL							

AVERAGE PEN ASSORTMENT CARRIED IN VARIOUS CLASSES OF TOWNS

Less than 500 Pop.	500 to 1,000 Pop.	1,000 to 2,000 Pop.	2,000 to 3,000 Pop.	3,000 to 5,000 Pop.	5,000 to 10,000 Pop.	10,000 to 25,000 Pop.	25,000 to 50,000 Pop.	50,000 to 100,000 Pop.	100,000 and Up Pop.
Pens	Pens	Pens	Pens	Pens	Pens	Pens	Pens	Pens	Pens

STATISTIC DEPARTMENT

Date_____ _____

HOW ONE FIRM ANALYZES SALES ON PER CAPITA BASIS BY TOWNS

average consumption, which means only consumption by the logical consumers, not by the population at large. It may seem foolish to work out the per capita consumption of let us say office desks, but all consumption of whatever article is based primarily on population, because the most goods tend to be sold where there are the most people, and the first obvious measure of sales is according to units of population. The more accurate measure of consumption, based on possible users, is very much more difficult to obtain, but hardly any price is too large to pay to get accurate statistics on this point, because it permits more just and clear setting of sales quotas.

Every article, however, which is at all widely distributed even though not an article of universal consumption, can best be measured in sales possibilities by the per capita measure; enabling one to rapidly arrive at a measure of sales for any community of given population.

The closer study of per capita figures is profitable from various points of view. It permits comparison, for instance, with foreign countries. Denmark, although a dairy country, consumes 44 lbs. per capita of nut margarine (butter substitute), whereas the United States consumes but 3½ lbs. Most other European countries consume 2 or 3 more times per capita than the United States, yet the total amount consumed by the United States because of its huge population is larger than the consumption of any European country. Thus it will be seen that statistics of total volume of consumption might tend to mislead in making comparisons, if the population measure were not applied through the per capita method.

It is also important to study the per capita consumption of related lines, to show sales possibilities as compared with articles of a similar nature. Per capita piano sales' figures are interesting not only to player piano makers, but also to all sellers of luxuries, for of course all piano buyers

are to a certain degree luxury buyers. The same is true of automobile per capita consumption. In fact, general study of per capita expenditures covering a variety of items is very suggestive in analyzing fundamental conditions. If the per capita expenditure for alcoholic liquors was $10.00 the per capita sale of many other articles will tend to rise under a prohibition régime. If the per capita consumption of soda fountain drinks is about $8.00, it appears that other articles of taste appeal have logical margin for development.

By means of a logarithmic chart the annual increase or decrease in per capita may be projected forward from a period of past years to a period of future years, assuming the continuation of the broad tendencies shown during a period of years. Thus a fairly accurate picture may be secured of the future rate of growth and volume of business of an industry. Competent statisticians who are more than hack workers with figures may even work into the chart known factors which are expected to alter the future per capita consumption, and thus merge known future developments with the past tendencies, and get even closer to an accurate prognostication of the future. The prediction of future sales by expert statistical facilities is now an important part of many businesses.

281. The "Saturation Point".—This phrase means the reaching of the full amount of sales that the population can absorb. It is a peculiar fact that many industries after a period of difficulty develop a demand for their article, and then, this demand becoming visible to others, new concerns flock rather blindly into the field, expecting also to enjoy a big market. But, unfortunately, this demand may have very definite limitations which competent statistical investigation might have uncovered. There may be no sufficient market left for the new companies, and the usual result of failure or absorption occurs.

Then, too, a firm which is not aware that its article is rapidly approaching a saturation point, may suddenly be caught in a serious situation of lack of preparation; whereas statistical research might have demonstrated the fact in plenty of time to lay lines of new development, either for manufacture of new or related lines, or for expanding the uses, scope and application of the product, and thus put off the coming of the saturation point. This saturation point has been skillfully avoided in the automobile field by the reduction of average price of automobiles; each new decline of $50 opening up new hundreds of thousands of prospects. Price is the most frequent arbiter of the saturation point on articles of high cost; but in others it depends upon the number of people who can logically use the article to advantage.

Most figures on markets are too optimistic (remember Col. Starbottle's eye wash!) and there is too naïve and inexperienced use of statistics by the rosy-eyed inventors or promoters. The possible market is never easy to determine, and sometimes it can be demonstrated that a proposed industry could manufacture enough of the article in 3 months in a sizable plant to supply the demand for 10 or more years to come. It is of importance to plan for a term of years ahead, and not on a basis which will ignore the possible early exhaustion of the business by saturation. The country's population is not growing so rapidly as before and markets are not so "bottomless" as once they were.

Shrewd bankers, investors and others study industries not by what has been done, but by what is possible to do in the future, realizing that it is an old and favorite argument of promoters to "lamb" investors that the Jones Co. has made millions in the past ten years, *therefore* the new company can do likewise! The parallel in such cases is truly deadly, because usually statistically unsound.

What a company has done in the past cannot, so far as sales are concerned, be even a moderately sure prediction of the future. There are companies which the writer knows paying now and for a long time past a great deal of money in dividends, but which "insiders" on matters of sales development know are doomed to bankruptcy or complete reorganization within a couple of years—because of market changes and selling factors.

The "saturation point," it is quite true, has not in America up to this time cut much of a figure in calculations, because most markets for good articles have grown almost automatically to the extent of at least 10% per year. Creative salesmanagement cannot logically take credit, in many industries, for growth up to 10%. The saturation point has on this account been sneered at as a "bogey," but from now on it will increase as a factor of consequence. It is already a very definite factor in foreign countries, and the huge enlargements of factories for war production have brought many firms in the United States to the realization that the ordinary market will not be big enough to take care of new capacity for consumption. The saturation point is too near; new plans must be made.

Saturation point statistics are constantly in need of revision. Conditions, wealth, population, and other factors change the situation at least yearly, and figures should be revised at least that often.

Also, it is possible to postpone the saturation point by widening the usefulness and appeal of an article. It is this factor (and price) which saved the automobile from reaching the saturation point years ago. The economic usefulness of the automobile was developed, thus making it out of the purely "pleasure" class of commodities.

282. The Law of Averages.—The next best thing to an absolute fact is an average. Therefore since business many

times demands action where absolute facts are unobtainable, the average is the one safe guide. Many great businesses are built up entirely on averages. In the insurance business the law of averages is supreme. Millions of dollars are calmly "wagered" on the inexorable sameness of operation of this law of averages. Eight people will die by accident out of every 100 just as surely as the sun rises. A certain set number of people out of 1,000 will commit suicide, no matter whether it is in San Francisco or in Boston.

What is a safe number on which to base averages, is the question often disputed over. Averages are possible to apply to almost any matter of salesmanagement, however difficult it may at first seem. Even the matter of testing out the strength of appeal of a given sales argument may be done by means of averages. A group of people representing average prospects may be tested under carefully controlled conditions, and a "correlation" to actual results of at least 65% secured. This close an approximation to actual results is thoroughly worth while and may save a considerable amount of money.

The principles to be applied in obtaining an average in a test are (1) taking pains that the conditions surrounding the units to be tested for an average are thoroughly representative of the whole; (2) taking pains that the judgment or test results secured are not in any way swerved from true by any circumstances of the test.

If the conditions can be controlled so that the test units are from 90% to 100% representative in all particulars, it is possible to make a test upon only 25 units that will correlate with actual results to the degree of 70% or more. To the extent that the units for test are not representative, the number of units selected for test must be increased. Therefore tests upon 100 units under ordinary circumstances may be depended upon to achieve from 50% to

60% correlation; while 1000 units will correlate nearly 90%—even more if the utmost scientific care is exercised.

283. Scope of Use of Averages.—As a rule, far too little use is made in salesmanagement problems of the matter of averages. It is very rarely that tests are made, for instance, on pieces of advertising matter, which require the expenditure of many thousands of dollars. Yet no single item of sales expenditure is so dependent upon sheer judgment of a probable response, or so much of a gamble. The chance element can be greatly reduced by the use of intelligently conducted tests by means of averages.

Averages may be used for any other individual item of sales statistics—number of calls made per day, week and month; average of towns called upon, towns missed; average amount of order, average of orders which have this or that peculiarity. All these average facts, if ascertained promptly and correctly, are of the most vital use in salesmanagement. The development of the electric tabulating machine has made possible much further and detailed use of averages, since the punched-card plan enables statistics to be obtained from any angle, and averages computed. By means of this device Marshall Field & Co. can tell tomorrow morning what percentage of to-day's sales were sent C.O.D., or by express, or what percentage were orders below $10 or over $100, etc.

It is bound to be a development in future salesmanagement that many more of the minutest details of both past and possible business matters will be ascertained and studied in the light of averages.

284. The Psychology of Statistics.—Some of the distrust and indifference to statistics found among some business men arises from the instinctive realization that the human nature factors behind statistics are more expressive, significant and interesting than the statistics themselves. Of course this is true, and only a hack statistician ignores

the psychology behind the statistics. He merely uses the figures as convenient pen strokes to enumerate the much more significant conditions which the numerals represent. Figures are mere "counts of noses"; they are merely one of the tools in the more important task of securing a complete, true picture. The real task is to study the picture as a whole, but this can only be done systematically by enumerating such factors as can be counted. Only by enumerating do we convey the measure of any factor, every other method of conveying a picture being too blurred. A newspaper reporter who cannot enumerate in his observations and descriptions is an unfit reporter. But he must also be able to give the emotions, the atmosphere, the more volatile and difficult parts of the picture if he is a good reporter.

So in studying statistics; they must be regarded as *one way,* the numerical way, of understanding a situation. To say that the average income of the farmer is $400 a year is not a true picture of farm conditions, though technically the statistic may be correct. The farmer feeds himself and his help and is free from much of the expense of the city or town individual. His real income is much greater. The trained student of facts will get behind the statistics to test the auxiliary situation, as illustrated in this case.

The statistics of the income tax indicate that there are less than 500,000 people with incomes over $3,000. This is of course a very incorrect picture of the income situation in the United States. There are a great many tax dodgers in the lower end of the income tax scale; also many exemptions and special eliminations. The number of people of incomes of $3000 and over is more nearly 850,000, possibly over a million.

It is clear from the above instances that the routine standard statistics very often do not mean what they appear to say. Only a tyro in the use of statistics thinks so;

and in business the man who looks behind statistics is the man who gains the advantage of clearer insight into true conditions. The skilled students of market conditions are especially deft in interpreting the psychological meaning of statistics. They know the key facts which are alarm bells for other conditions of importance. For instance, there are sections of the United States where 48 hours continuous rain means a greatly reduced volume of crops, with consequent results, months later, of increase in retail failures, decreased volume of retail trade and other consequences not apparently related to rain. The increase or decrease to a certain extent of world supply in certain commodities means, a year later, certain definite condition of trade.

Statistics are valuable only for what you read out of them, and it requires a great deal of special knowledge to interpret statistics accurately. Each type of statistics on each subject has an alphabet of meaning of its own, which speaks the valuable messages they can carry only when that alphabet has been mastered. It is often supposed that people using statistics have no imagination; whereas the opposite is true; only those with excellent, trained imagination can get the most out of the use of statistics.

285. The Law of Diminishing Returns.—This principle is often cited or used erroneously, and is not always applicable to the matters it is supposed to control. In other words, while a well-defined rule of mathematics, it is not always correct to apply it.

Briefly, the law of diminishing returns is the mathematical principle that there is a point at which increased effort produces diminished returns. Beyond a fixed point increased expenditure for selling or advertising does not produce the same proportional increase of return. The ratio of return to expense falls after a certain point is reached. This point needs careful thought by a sales-

manager, as it directly affects results of all kinds. An increase of number of salesmen in a territory brings mathematical increase in results up to a certain point, which point bears no relation to possible trade statistics. Something is always lost in increasing mass effort; a principle which is well illustrated by the experience of large and small business houses. There is a point at which the mere size of a business house diminishes its efficiency. This point is of course constantly being put further away by brains and organizing genius, in individual instances, but the principle is operative in all cases. The great English economist, Hobson, actually set a figure of capitalization and volume at which the diminishing tendency began.

The principle of diminishing returns must be used as a brake upon statistical calculation of too optimistic and too easily calculated ratios of profits and sales, to both of which factors the principle especially applies.

286. Analogy and Statistics.—It is a very narrow conception of statistics to confine the study of them to the thing in hand. One of the great uses of statistics is to study correlative factors and conditions as a means of suggesting or illuminating the subject in hand. In studying the statistical possibilities of automobile sales in the United States, for instance, it is valuable to study general statistics of wealth, of purchase of pianos, rugs and other luxuries, of living standards and habits, and many other factors.

Many of the most brilliant conclusions in business or elsewhere are arrived at by the use of reasoning by analogy —by reasoning from one premise to another; if x equals y, then y equals q; or even by further algebraic or geometric processes. It is also true that the Euclidean process of reasoning by elimination is valuable, in working from statistics.

Facts which at first glance do not have significance or

any conceivable relation to a problem, often have a very direct relation when connected by analogous logic. Everything is relative, and all things merge into each other in a manner which makes possible an approach to a problem through many different avenues of search. The statistics of birth may possibly bear a relation to the sale of furniture—only by the use of statistical imagination and reasoning by analogy can it be determined. Many great business successes have been built on reasoning by analogy; statistics concerning one matter have suggested possibilities of a totally different kind. The high rate of consumption of sugar per capita in the United States may have interest to the seller of a remedy for diabetes; the statistics of improved roads by states may provide the index to the character of the people there and be of interest to sellers of luxuries to farmers, as might also the statistics of school expenditure per capita. The number of people having insurance policies may interest a variety of people not in the insurance business; also the number of people who are shareholders in corporations.

The man who makes statistics work for him regards all types of statistics as interesting sign posts. It is naïve and narrow to be interested only in immediate facts about your own business. Schwab could not have made his famous and fulfilled prediction of the great expansion of the steel business without reasoning by analogy from statistics which apparently had no relation to the steel business. Nor could James J. Hill have anticipated the great development of the Northwest without the same method.

287. The Law of Statistical Regularity.—The superb usefulness of statistics in sales work is exemplified in the law of statistical regularity, which enables one even to throw dice and foretell the average result. Four dice have a total number of spots on both sides of 28. On the average, 14 should turn up each time. In 50 throws the total num-

ber of spots turned up should be 700. This will vary very little in any experiment—and proves that statistical analysis may be applied successfully even to matters thought to be pure chance.

Business need be in no sense a gamble to the man willing to use the science of statistical regularity. He can even regulate the degree of accuracy in analysis to the degree of importance of his problem, simply by spending enough money, time and brains on the work of diminishing the probability of error. The number of statistical units examined and studied may be increased from 25 (the lowest safe number to study) to hundreds and thousands and thus achieve close to 100% accuracy.

Through the law of statistical regularity an analytical salesmanager may feel his way to very important results without more than a small degree of risk. He may not need, or may not be able to afford, 100% accuracy, but the most modest application of the law of statistical regularity will be very much more accurate than merely judgment alone. A salesmanager rises to the highest plane in his profession when he develops *humility before facts,* and becomes diligent in search of facts. Once having discovered the superiority of permitting actual conditions to register themselves for his benefit through the law of statistical regularity, he will never return to "armchair guesswork" or "mahogany table vanity of opinion."

CHAPTER XXXIII

IMAGINATION AND VISION

288. Feeling Out the Future.—In no other phase of business is there greater need for every instinct, imagination and vision as in the salesmanagement of a firm which is aiming to move forward. The qualities of mind and feeling called into play are equal in every sense to the best creative brains called for by any great art; for as in any art, new things must be anticipated and created, the progress of humanity must be judged, foreseen, influenced and moved. New conceptions of devices of distribution and wonders of organization must be made into a reality. It is a far greater tax upon ingenuity to distribute goods successfully than to invent new goods.

The chief sales executive—whether a president, vice president, marketing manager or whatever his title—will do well to give himself plenty of leisure and freedom from detail, and plenty of counsel of a high creative order, so that the best creative brains may be focused upon the great major problems and opportunities in that business. Salesmanagement to-day, unlike former times, dominates the entire business and to a large extent dictates what the factory shall make. Therefore, since all the departments of business rely upon the salesmanagement for their instruction and planning, the salesmanagement must be years ahead of time in development planning. It must use every tool, research, invention and investigation—but in addition must apply imagination and vision in generous measure if it would keep ahead of the march of time.

289. Unforeseen Developments.—Von Moltke, the great German chief of staff, said that no one strategical plan survives in detail the first encounter with the enemy. The most carefully and minutely planned campaign is apt to fail through the effects of unforeseen conditions. The great war has tragically verified this. The same principles apply in business planning and campaigning.

For this reason strategic planning of an advance sort is necessary, along lines such as the shaping of reserve plans to meet as many possible serious contingencies as can be imagined.

The Prest-o-Lite manufacturers could hardly be expected to have foreseen the popularity of electric lighting systems for automobiles which made such serious inroads on their gas lighting sales. The bicycle and roller-skate manufacturers could hardly have been expected to anticipate the rapid decline of these popular crazes. Therefore something to meet their sudden situation was especially important, for it shows that few are immune from change.

290. Reserve Resources.—Business is in effect practically an economic warfare full of surprises and cruel blows. This compels the making of plans for many contingencies; also the modification of all plans and expenditures in the light of future uncertainty. The manufacturer who enthusiastically builds new factories when orders come piling in may be sacrificing all his profit, for by the time his factory is built the demand may simmer down and all efforts fail to again bring it back to where it was. This has been amply illustrated by war order manufacturers. The situation calls for:

1. Advance knowledge of basic tendencies, and plans to meet or take advantage of them.

2. Organization drilling to insure capacity to meet coming requirements or emergencies.

3. Understudying of all important officers and employees.

4. Check up methods to insure against defraud by employees or undermining by business enemies.

5. Constant inspection of sources of information and advice to insure that they are not misleading.

6. Frequent strategical trials of strength both of the firm and of employees along extra difficult lines in order to demonstrate capacity, fitness and initiative.

7. Constant trying out of new ideas, methods and plans to make sure that no unusually lucrative one is missed.

8. Constant pre-emption of ideas, methods, patents, etc., which might be of any service to competitors.

9. Guard against weaknesses; make the most exclusive and strong points and study the proper time and methods for offensive and defensive campaigning.

10. Constant hard work by the best minds that can be employed upon the difficult problems of the business—so that the benefits of solution of them will be secured before others secure them.

11. Unsparing efforts to get the ablest men in your line of business to work for you, in full appreciation that the human factor is one of the greatest assets in your business to-day.

12. Regular personal analysis and drill to prevent ruts from being formed in one's mind and thus being made antagonistic to change and development.

291. Watching Formative Periods.—Consensus of business experience shows that all lively new businesses usually have much the same history. They struggle with varying degrees of success for two to seven years in a formative or experimental period, from which time they begin to shoot upward with speed, reaching a high peak in a year or two later, but going down almost as rapidly until a level half way or less between the low and high points is reached.

Wise strategical planning in business, in view of this universal experience, consists of laying plans to derive as much "cream" out of the high peak period as possible and endeavoring to prolong it as far as possible. It is fatal to misuse the profit of the peak period, or to look for a continuation of the peak. A few businesses of a staid and staple character never reach any peak, but have a definite cumulative effect which is the thing to be most carefully guarded and developed with strategic planning.

It means everything to the future of the business that those running it know their bearings and are able to see the general direction in which they are going, and steer for strategic advantage. This requires close attention to the advanced strategical points herein outlined.

292. The Great Power of Ideas.—There is no quality so valuable in business as ingenuity and origination, simply because *there is no difficulty so hard that it cannot be overcome by an idea.* An idea is the most tremendous explosive known in modern business "warfare." All splendid business achievements and victories were ideas before they were made realities. Most great difficulties are solved by the application of ideas, developed under pressure or the incentive of big gain or big fees or big honors.

It has been repeatedly proven that the more able the business executive, the more exclusively he devotes himself to matters requiring imagination and vision. All other work is administrative detail, as it deals with the things that are routine or are the detailed outcome of policies based on such vision. The executive whose mind cannot think in terms of higher strategy may therefore know that he still requires "postgraduate" business training before being able to class himself as a first-grade executive with a future before him.

293. Laying Protective Lines.—A nation needs to protect itself against attack. So must a business. It must also

protect itself against changed conditions and internal dangers. Therefore, the factors against which a well-planned business must guard may be thus classified:

1. Weakness from within; mistakes in organization and management; nepotism, favoritism, contentment, political intrigue.
2. Changing tendencies of the consuming public or the trade.
3. Competition and economic and inventive developments.

The greatest basic danger to an existing business is probably blindness to changing tendencies on the part of the buying public, either through a change of taste (styles, fads) or through changing methods of living.

An example of havoc played by fads is the bicycle industry. The decline of cycling as a public recreation ruined many industries and retail establishments. Only the far-seeing ones among them changed over in time to automobile and other lines of manufacture.

As to styles, the failure of a million dollar petticoat manufacturer, because petticoats went out of fashion, shows the fate of the firm that does not keep "an ear to the ground" all the time, or that does not plan auxiliary business to which they can turn in case of sudden change. For instance, every business dependent on frequently changing style should also have some department that makes or deals in staples, if possible.

A firm making jet trimmings for women's wear, for instance, has its machines so adjusted that they can be quickly switched to other styles, the popularity of which is sensed in time.

It is essential, in this rapidly moving civilization, to watch changes in habit and method of living. For example, the growth of electric and gas companies in many small communities has made serious in-roads upon the

stove industry, bringing some firms close to the verge of failure. Some of them have averted disaster by making combination stoves for burning coal or gas; some by making electric utensils.

Changing laws must be taken into consideration here. The preferential parcel post rate with its zone system, the advent of low-priced automobiles, electric cars, jitneys, etc., are gradually driving the trade of the residents of small communities to the retailers of the larger center of the section. This means important changes in stocking up the stores in the small towns and in the newly stimulated trading centers.

Investigation shows that practically every business is sooner or later affected by changing conditions, and in a large number of cases it has been found that lack of understanding of these conditions, or neglect to lay protective lines to meet them, has been a great factor in preventing or limiting a successful business. Economic study and thought are an absolute essential to the business man of imagination and vision to-day.

CHAPTER XXXIV

THE STORY OF AN ACTUAL SELLING CAMPAIGN

294. Reason for Describing an Actual Campaign, and for Selecting This One.—It is a fault of books that they provide the generality of a subject but neglect the particular. It is far simpler to learn by picture than by abstract concept; therefore, to visualize an instance of a modern sales campaign based on sound, up-to-date principle and procedure, is in itself a liberal education in salesmanagement.

A sales campaign is in a sense a battle, and as in military matters, it is far more interesting and instructive to read an account of a battle than to study the principles of war.

As for the selection of this particular campaign, there is no reason except that it was an unusually well analyzed campaign, methodically carried out and successful in conclusion. It is frankly and freely described, and is full of details of ingenuity and progressive principle and policy. There are, of course, many other campaigns quite as interesting or more so, but this one happens to be more available than others. The story is printed in the words of Marquis Regan, Sales Promotion Manager for the Ever Ready Works of the National Carbon Co., whose campaign it was. The personal narrative form is permitted in order to add to its vividness. Mr. Regan told the story originally before the Salesmanagers' Club of New York.

295. The Strategic Situation Before the Campaign Started.—The Ever Ready organization had for nearly twenty

years been making an electric flashlight. It had other electrical products, but its advertising and sales policies were built around this flashlight product. The name Ever Ready is one that is used by a multitude of other concerns for different products. So its significance was confused in the minds of dealer and consumer. The dealer was likely to say to the consumer presenting our card: "No, I don't want any *safety razors* to-day."

In 1916 we had some five hundred distributors on our books. There were wholesale jobbers, selected according to their ability and willingness to make a success of an electrical product such as ours. We do not appoint distributors broadcast, or recognize all jobbers as distributors. Orders taken by our own men are credited to the distributor preferred by the dealers. We had an organization of some fifty men calling on retail dealers and twenty-five calling on the wholesale distributors.

It was important, therefore, that we should get out of the confusion caused by a name too common to be destructive for our vital leading product. We knew that we must quickly find the right name and quickly shift the good-will of the old name into the new name with as little loss of energy as possible. In fact, we were bold enough to hope for a line of action which would enhance our good-will in the very act of changing. Once the new name was accomplished we must go after the greater volume of business which we sensed that we were entitled to.

296. The Preliminary Plan to Get and Popularize Quickly a New Name.—After deliberation and consultation we decided on a plan of action to achieve a new name with a bold stroke for simultaneous publicity to make the public acquainted with it. This was in the fall of 1915. We prepared our organization for the big things coming by abolishing our so-called advertising department, as such, and organizing instead a sales promotion department, in

order that a more effective line-up might be made with the two vital branches of the work—advertising and sales.

Then the plan itself was devised. It was labeled to the public as the "Eveready Name Contest." The keynote was that we offered $3,000.00 for a better name than "flashlight." That campaign, which was the first campaign organized with a definite sales objective, cost somewhere in the neighborhood of $150,000. We did not spend to exceed $25,000 in actual publicity. The rest of it was spent in dealer and distributor coöperation. It cost us $15,000 to sell the idea to the dealers, showing that we lacked a close tie-up with our retail trade. The prize money, which, when we got through, amounted not to $3,000 but to $12,000, because we selected a name that had been selected by four people. All four were women and lived in different cities, and we paid the full amount of the prize to each. We got value out of the duplication by making a great sales promotion feature of the four presentations.

Incidentally, an advertising manager as such could have carried this plan only up to a certain point, the dividing line between sales and advertising. The sales promotion department was enabled to go far beyond this. It got the complete plan in all its selling angles definitely outlined, the duties to be assigned to the sales organization in connection with that plan defined and operated with the general sales manager and the sales department to see that those duties were properly carried out.

297. The Preliminary Trade Work.—The plan provided for complete coöperation of the trade and the stocking of goods before a line of the prize announcement appeared. To the salesmen of our distributors we offered a jack-pot prize of some $2,000 for the largest volume of orders for thirty days previous to the contest, and we got each distributor to appoint a contest manager an inside man who would direct the salesmen during this contest, turning in

to us weekly reports, names of dealers and amount of sales during this given month. We got 60 per cent of our distributors to enter their men in this contest. We paid cash prizes to thirty winning crews, averaging from $10 up to $35 per man.

The net result was to sell our goods to the trade before we spent our publicity. We got them well distributed into the hands of the jobbers and of the dealers who were to make prize window displays from October 7th to October 14th, for which we offered $4,000 in cash prizes. In the meantime, we made the dealers understand that we were offering this $3,000 prize money to bring the public into their stores. The objective was SALES for the dealer. We showed them the contest blank. During that contest month from October 7th to November 7th, nearly fifty thousand dealers distributed five million contest blanks. When people came in and asked for the contest blanks it was a great opportunity to sell them flashlights, and thousands of live dealers took advantage of this.

298. Results of the Contest.—We received 531,000 suggestions for a better name than "flashlight." They came from men, women and children of every kind, class and description, from the East Side of New York, from governors of states, from highly paid executives. The contest was discussed everywhere, no matter where you went. The executive of our company went down to Florida on a vacation in January. In a little wayside hotel a little girl said: "I am going to have a bicycle, the Eveready people are going to give me one!" And her father, the hotel proprietor, said: "Haven't you heard about the contest?" Why, she and her mother sat up all night making up names! And so it went. The dealer who had expected to put in a window display for one week only, actually maintained his display during the entire month of October and gave out contest blanks.

The dealers during that month *sold* the enormous stocks we had sold to the distributors. I have many reports showing dealers who turned their stocks over three times in one month. A month after the contest I went down to Virginia for a day or two. There a dealer still had his window display up and was giving out contest blanks. He "didn't know the war was over!" He was still selling flashlights on the contest plan.

During the contest the dealers spent of their own money nearly $30,000 for local newspaper advertising.

299. After the Name Was Selected.—Finally, the new name was selected and we made the announcement on April 5th, 1917. You remember what was happening about that time. We were entering the war. The public mind was not on contest things. Nevertheless, we had thirty thousand dealers making window displays, putting the announcement poster in their windows and buying local newspaper space to tell their local publics the result. We bought space in three or four hundred local newspapers ourselves, and got splendid coöperation from the newspaper advertising departments in lining up the trade locally.

You can see that the merchandising was the keynote of the entire plan. From a publicity viewpoint we wanted people to distinguish between the "Eveready" flashlight and other kinds of products sold under the name Ever Ready. This campaign resulted in *actual sales* to distributors, to dealers, to the public, not only during the contest, but continuously ever since.

300. Strategic Deductions from the Campaign.—When this campaign was first projected in June, 1916, until it was completed in November, our dealer lists grew by leaps and bounds from 23,000 to 55,000. This is more dealers than any one company could coöperate closely with in a promotional way. We had the usual instances where one

dealer complained that the dealer across the street never had any Eveready goods and should not have had a window display prize. We knew a great many competitive dealers had "borned in" and were cashing in on the legitimate activities of the Ever-ready dealer. Nineteen hundred and seventeen was a year fraught with worries and uncertainties. Nobody knew what business was going to be, or whether materials could be had.

It seemed, then, there was just one thing to do, and that was to find by investigation what our market consisted of. So in 1917 we made an analysis. We prepared a special questionnaire for these 55,000 dealers. The blank told us what kind of a dealer John Smith was, what kind of a store he had and the various lines he sold, what the size of his windows were, and his attitude towards our lines. It put him in one of five classes, Eveready Exclusively, "Combination," Competitive exclusively, Undesirable or Not Selling Flashlights at all.

When we got through with this huge investigation we had FACTS about our retail distribution. We did not need to guess or grope, we *knew*. There were ten thousand dealers in "tank" towns not reached by our men. We used a questionnaire on them, getting three thousand questionnaires filled in. They told us things about our business, things about our methods and service, things about the product, that were decidedly good for the house to know. That gave us a whale of an opportunity to establish personal contact with those dealers, through genuine typewritten letters. Normally that would have been handled by the sales department as a matter of sales department routine, but we had created a department which partook of the sales and advertising functions and understood the problems of each, so that we could handle such a matter with a thorough appreciation of all the elements involved.

301. Ready Now for the Big Campaign.—1916 and 1917

were in reality only preliminary to real sales promotion. We had not known the necessary facts about our field and our trade, and we had never gone to the public with propaganda which thoroughly established our trade-mark, our product and its uses. So we came, during 1918, to the real problem of every manufacturer who is making a product to be sold through retail dealers. How shall I tie up the dealer so that he will, first, carry an adequate stock; second, concentrate his efforts on my line, and, third, put some real selling effort behind it?

Many manufacturers have accepted the general proposition that the best you can do is to get a part of the dealer's time and attention that he will carry your goods along with others of the same character and if you are getting a reasonable amount of business out of him you ought to be satisfied. It seemed to us that perhaps we could go a bit farther. Of course, the dealer does not usually care how good your line is, if he does not have the demand over the counter. You can give him all the sales helps you like; the demand for the goods has to be there.

302. The Three-Year Plan of Growth.—We decided to establish what we called a Blue List of dealers. We gave our plan a label for the wholesale and retail trade, calling it the Eveready Three Year Plan. Briefly, we proposed to create demand through local advertising in every city in the United States in a period of three years, tying up the product to selected local dealers in the public mind. We decided that during the first year we would take forty of the largest cities in the United States; during 1919 we would take a second section; and during 1920 we would cover the third section, comprising every city of 25,000 or less.

Naturally, we selected dealers in these forty cities on the basis of the 1917 analysis above referred to. With the acts before them, plus down-to-the-minute information

that a traveling representative naturally has, the sales department nominated the proposed Blue List dealers for each city.

303. Signed Coöperation by Dealers.—And we did not simply tell the dealer we had put him on our Blue List and show him what his "Christmas package" of sales cooperation would consist of. We made him sign an application blank to become a member of the Eveready Blue List, and before he signed it, he had to understand not only the nine definite features of coöperation offered him by Eveready, but the nine articles of coöperation which he must carry out if the plan was to succeed. As final evidence of his sincerity he was asked to give our representative a substantial stock order. During the canvass of these forty Blue List cities selected for the first year, our men wrote up more business than ever before for a similar period.

In instructing the salesmen how to sign up Blue List dealers, nothing was left to the imagination. The sales promotion department prepared a portfolio, illustrating the sales helps, and gave each Eveready representative printed instructions covering his interview with the dealer step by step. He was told what to say, though not necessarily how to say it. He was drilled on the entire proposition.

The Eveready part of the coöperation covered seasonable campaigns from month to month, based on popular flashlight uses and the various types of Eveready Daylo cases for these uses. Of course, the dealer was supplied with the necessary window and store material for these campaigns. As a Blue List dealer his name appeared in every newspaper advertisement. Other dealers selling our goods could not have their names in the advertising until they qualified as Blue List dealers.

304. Conditions for Becoming a "Blue List Dealer."—The important elements of the Blue List plan are found in four

features covered by the nine conditions on the back of the Blue List blank. These are merchandising fundamentals:

1. He must carry adequate stock, kept in good condition, and must display same in a suitable show-case of his own, permanently placed in the store.

2. As most flashlights look alike, he must maintain display material, furnished by Eveready, in the show-case with the goods to identify the Eveready Daylo line.

3. He must use the window and store material consistently, thus making his own store a suitable advertisement, tying up with the advertised campaigns.

4. He must maintain on his door or window the Eveready Service Station Decalcomanie Transfer which we supply. There is no better example of the merchandising effect upon the dealer than the story of what happened with the window transfers. You know how the average high-class dealer feels about having such a transfer on his store. We did not say to these dealers—"Please, dear, good, kind Mr. Dealer, let us put up this transfer." We led him right up to the point where he saw that unless his store was so labeled the public could not identify it as a place for obtaining flashlight batteries and bulbs, as advertised in the local papers. The transfer design was widely featured in the newspaper and billboard advertising, and this fact was kept constantly before dealers.

Take a concrete example of the widespread acceptance of the transfer and the distribution obtained by the Blue List plan. In the city of Detroit my inspection trip showed 138 Blue List dealers where distribution previously did not exceed half this number. There were not half a dozen instances where the window transfer was not in use.

305. Checking a "Fall Down" by Salesmen.—Of course, in a plan of this kind the salesmen slipped up on some details. For example, we got out a flashlight Signaling Code for the dealer to distribute, and found that the salesmen

had not gotten the idea across that the purpose of these was to create an opportunity for sales, and not simply to educate the public. We got the salesmen in and sold the idea over again and they were putting it across in fine style until the Government asked us to discontinue teaching the public how to signal with a flashlight for war-time reasons.

In starting the Blue List plan, we fully informed our distributors, and those located in Blue List cities were tied up specially to the campaign to insure service to the retail dealers.

Perhaps you'll ask how matters were handled when the Sales Promotion Department raised some criticisms on a salesman's work. The answer was exceedingly simple. The salesman's work was based on the plan, so that when a criticism was made it was not based on a matter of Sales Promotion Department of opinion, but on the details of the plan, which had been fully agreed upon by the Sales and Sales Promotion Departments.

306. The Campaign Outlined in Detail.—Our entire procedure had been reduced to writing and approved by all concerned so that there was no possible chance for crossed wires. Let me quote the four paragraphs that cover this:

1. The sales plan for each line is prepared in advance for an entire year, together with budget estimates.

2. The Sales Promotion Manager submits his plans in writing to the Vice-President and General Manager, General Salesmanager and the Branch Managers. Plans are discussed in conference and the program agreed upon, the Sales Promotion Department thereby having authority to put the plans into effect and to obtain full coöperation from the field organization.

3. Production and distribution are carried out in accordance with the approved budget for the year.

4. A "train-dispatching" system of schedules and due

dates coördinates production and distribution of sales helps and advertising with the program for each line and campaign.

307. How the Sales Promotion Department Operates.—To indicate the plan and scope of the Sales Promotion Organization, note the following:

An interlocking system of salesmen's reports is maintained with the coöperation of the Sales Department. The Sales Promotion Department is automatically advised of:

1. Appointment or elimination of distributors.
2. Distribution of sales helps by the salesmen.
3. Reports on trade conditions.
4. Specific reports on individual distributors and dealers in connection with any given campaigns.

In like manner, information issued and service rendered to the trade is automatically reported in detail to the Sales Department.

The records of the department are designed to be a complete file of:

1. Trade statistics for each line.
2. Amount and cost of sales helps furnished each dealer or jobber.
3. Perpetual inventories of all sales helps materials, for maintenance of stock and to prevent materials dying on our hands.
4. A running history of service desired by and given to individual distributors and dealers.
5. Competitive data by territories and localities for each Eveready line.

A monthly report is furnished each branch, showing total sales promotion expenditures of all classes for each line of territory.

Detailed records of service rendered distributors and dealers are sent to each territory weekly for the informa-

tion of the salesmen, as a means of obtaining additional business.

To make Sales Promotion expenditures a definite matter of record, the Accounting Department ledger classification now coresponds to our budget classifications.

308. Principles Behind Successful Sales Promotion Department.—The keynote of all our efforts may be stated as follows:

The creation of a Sales Promotion Department as a separate and distinct unit is a logical step forward in business specialization.

Such a department concentrates upon one master problem—*marketing.* Within the Sales Promotion organization must be combined a broad and thoroughly practical knowledge of consumer demand and trade distribution, plus an equally broad and accurate knowledge of the company's products and the nature of the service they render to their users.

The ideal Sales Promotion Department considers the established policies of the company, measures accurately the present relationship of product, market and distribution, and devises ways and means based upon sound salesmanship for fertilizing the consumer field, intensifying demand and perfecting distribution and service to the public through the trade.

Analysis and sales judgment thus crystallize into *plans,* plainly labeled for the use of the sales and distributing organization. Only by establishing definite sales objectives (plans) can the tangible evidences of so-called advertising in its many forms be produced and distributed with profitable results. For, the *use* of advertising is valuable only to the extent in which it coördinates with definitely planned sales effort.

Sales Promotion results must be obtained through cooperation rather than by authority. The department's

selling ability is daily tested by its ability to market to the sales distributing organizations the ideas that they, in turn, must market to the public. The Sales Promotion Manager must accomplish this without in any way encroaching upon the authority of other executives.

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